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AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION, AND RELATED
AGENCIES APPROPRIATIONS FOR 2003

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG
ADMINISTRATION, AND RELATED AGENCIES

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MARKETING AND REGULATORY PROGRAMS

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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND
RELATED AGENCIES APPROPRIATIONS FOR 2003

Wednesday, February 27, 2002.

NATURAL RESOURCES AND ENVIRONMENT

WITNESSES

MARK E. REY, UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT
PEARLIE S. REED, CHIEF, NATURAL RESOURCES CONSERVATION SERVICE
BRENDA THOMAS, ACTING DIRECTOR, BUDGET PLANNING AND ANALYSIS DIVISION,
NATURAL RESOURCES CONSERVATION SERVICE
DENNIS KAPLAN, BUDGET OFFICE, DEPARTMENT OF AGRICULTURE

Opening Remarks

Mr. Bonilla. The subcommittee will come to order. Good morning to everyone. If some are curious as to the reason for the lights and the extra microphones on the podiums today, it is because later today there is going to be a hearing on Secret Service needs. I would like to think that this hearing would be the center of attention, but that is the reason for the different environment that we are going to be working with this morning.

Introduction of Witnesses

We are pleased to be holding a hearing today for the Natural Resources Conservation Service fiscal year 2003 budget request. Appearing before us today are Mark Rey, the Under Secretary for Natural Resources and Environment; Pearlle Reed, the chief of the NRCS; and Brenda Thomas, the acting budget officer at the NRCS. Also at the witness table is Dennis Kaplan, who is pinch hitting today for Mr. Dewhurst, who I understand is on the dark side, as we sometimes call it appearing over there with the Secretary. We welcome you today.

Mr. Rey, I know this is your first time before this subcommittee. I want to welcome you and I want to congratulate you on your appointment. It has been reported that you stated that you have lowered expectations for this job, so much so that one of your objectives is just to keep the job, unlike your two predecessors who were unable to keep it. You do have a tough job ahead, Mr. Rey. We know that you will be dealing with two agencies under your jurisdiction that have a great impact on public lands, through the forest service and on private lands through the Natural Resources Conservation Service. I am sure you are very much up to the task.

Mr. Reed, this is not your first time before this subcommittee, so I want to welcome you back. I would just like for you to think about the importance of your agency, and the impact that it has on private lands in this country. I would encourage you to do everything you can do to ensure that your programs are carried out with as little bureaucracy as possible to get the financial resources on the ground where they are

sorely needed.

We have your statements before us, and we have reviewed them. We will enter those statements into the record, but before we begin, I would like to recognize my ranking member, Ms. Kaptur, a great partner in this process.

Ms. Kaptur. Thank you, Mr. Chairman, very much, and we welcome you, Mr. Under Secretary, and, of course, Chief Reed and all of the members of your staffs that you have brought with you today. I just wanted to say I was so pleased to read your background. We share Ohio heritage, particularly northern Ohio heritage. And also the University of Michigan.

So probably I will be interested in asking you during my question period whether you took the same course in woody plants that I did, and having come from the school of natural resources there with all of your experience in the Senate, I mean, my goodness, what an excellent background you have for the position you currently hold, and so we look forward to your testimony.

Mr. Bonilla. Thank you, Ms. Kaptur. We will start by recognizing Mr. Rey, and then if Mr. Reed has an opening statement as well, we will proceed with that. Thank you.

Under Secretary's Statement

Mr. Rey. Thank you, Mr. Chairman, Ms. Kaptur, Mr. Walsh. I am grateful for the opportunity to appear before you today to present the fiscal year 2003 budget and program proposals for the Natural Resources Conservation Service of the Department of Agriculture. In addition to Mr. Reed and Mr. Kaplan appearing with me today are Brenda Thomas, who is the acting NRCS budget director, and Mack Gray, behind me, who is the deputy under secretary for Natural Resources and Environment. I will summarize and submit my entire statement for the record.

Mr. Chairman, the President often reminds us that every day is Earth Day when you work the land, and from my perspective, it is clear that the men and women of NRCS out in the field are making a tremendous difference to ensure that farmers and ranchers have the resources and expertise they need to care for natural resources and respond to emerging challenges. This happens through conservation operations and specifically through conservation technical assistance.

AMERICAN CUSTOMER SATISFACTION INDEX

Interestingly, NRCS has one of the highest ratings for customer satisfaction among all government and private sector organizations. Last year, NRCS participated in the American Customer Satisfaction Index, which surveyed customers of NRCS' conservation technical assistance program.

The ACSI, the American Customer Satisfaction Index, is administered by the University of Michigan Business School, an institution both Ms. Kaptur and I can attest to the competence of. It is the only uniform cross industry and government measure of customer satisfaction which allows benchmarking between the two sectors. The NRCS results were the highest for

any USDA agency participating in the 2001 survey, and are comparable to the results received from private sector companies such as Mercedes-Benz and the Ritz-Carlton Hotel chain. Our customers have come to expect excellent service from the agency, and it will be a challenge to continue to ensure that funding and resource support for our staff are sufficient to help them meet the expectations of farmers and ranchers.

RESOURCE CONSERVATION AND DEVELOPMENT

Let me turn to the Resource Conservation and Development program. Because of the support of this subcommittee, the Secretary was able to announce the selection of 20 new RC&D areas earlier this year, bringing the total number of authorized areas to 368. Through this program, non-Federal Government agencies, including State, local and tribal governments, as well as private and not-for-profit organizations, are playing important roles in conservation policy. The RC&D program has been extremely successful in leveraging and matching resources among these different organizations. We continue to receive excellent applications, deserving of USDA recognition, and we want to enhance and maintain this very popular program.

EMERGENCY WATERSHED PROGRAM

Turning to our water resource-related programs, we know that emergency needs for watersheds resulting from natural disasters averaged 110 million dollars per year over the last several years. However, in the past, rather than planning for this need, we have historically relied upon emergency supplemental appropriations to respond to stricken communities often months after the disaster. The administration's fiscal year 2003 budget proposes \$111 million for the Emergency Watershed Program, which will allow us the latitude to better respond to disasters more quickly.

In conclusion, the programs presented to this subcommittee for funding are essential to the policy objectives proposed in our overall agriculture, conservation area framework in three areas: First, support for the cadre of trained and skilled professionals out on the land working with farmers and ranchers every day through Conservation Operations; second, providing that workforce and the workforce of State and local government cooperators with the very best data, technical tools and training through Conservation Operations; and third, continuing to foster collaboration and partnership with other organizations through Conservation Operations.

I thank the subcommittee for the opportunity to appear and would be happy to respond to any questions, including the woody plants curriculum at the University of Michigan School of Natural Resources, which not only Ms. Kaptur and I participated, but in the sense of the fact that it is a small world, Mr. Reed's predecessor, Paul Johnson, taught that

program one semester as well. So it seems that there is a large community of alumni from the woody plants program. Thank you very much.

Mr. Bonilla. Thank you, Mr. Rey.

[The statement of Mr. Rey follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Bonilla. Mr. Reed.

Conservation Operations

Mr. Reed. Mr. Chairman, thank you and members of the committee, for the opportunity to appear here before you today. With your permission, I would like to submit my written testimony for the record.

Mr. Chairman, for the past 32 years, each day I come to work, I think about what is important and how the NRCS can get more conservation on the ground. Today, I would like to take advantage of this opportunity briefly to tell you what I believe is the most important investment you can make to private lands conservation. That investment is in our Conservation Operations account. The Conservation Operations account underpins our entire national private lands conservation infrastructure in this country. It leverages more than a billion dollars annually in State and local conservation investments. These investments are primarily with the local soil and water conservation districts. The partnership USDA has with conservation districts is a locally-led, integrated approach for voluntary private lands conservation. Also, that partnership provides safe passage for USDA employees into local communities, on farms and ranches, so they, in concert with land owners, can practice the science and art of putting conservation practices on the ground.

Mr. Chairman, I am pleased to be here today, and again, thank you for this opportunity.

Mr. Bonilla. Thank you, Mr. Reed and Mr. Rey.

[The statement of Mr. Reed follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Bonilla. We are going to proceed a little differently this morning. We had a little mix-up at the last hearing, and I apologize for that to Mr. Boyd. He was recognized out of order. I am going to yield to him first today.

Mr. Boyd. Thank you very much, Mr. Chairman. I appreciate that. I feel sort of strange jumping in front of Ms. Kaptur and Mr. Walsh and others, but you are the Chairman.

First of all, let me say welcome to all of you, and Mr. Secretary, it is great to see you sitting in that seat. I have had the pleasure of working with you on a very important landmark piece of legislation that improved communities that have national forests in them. Many of us who are now benefiting from that legislation owe a great deal of thanks to

you for shepherding that through when you were in a very important position on the Senate staff. So thanks for that, and thanks for being here.

Watershed Protection

I want to start my line of questioning by focusing on the area of watershed protection, because I know there seems to be a change of direction in the watershed programs in the President's budget. The PL 566 program specifically is a nationwide program, as you know, that was designed to protect and improve watersheds up to 250,000 acres in size.

Currently there are approximately 515 active watershed projects under this program around the country, while I don't understand all of what is going on in the rest of the country, I do understand what is going on in Florida, and I want to give you a very specific example of how the NRCS, with this watershed program, has made our lives better.

Suwannee River Basin

There is a rather famous river down there called the Suwannee River, which many of you have heard about. That Suwannee River builds up in south Georgia in the Okefenokee Swamp, and it flows across the Georgia line and into the Gulf of Mexico. It is a historic natural resource, and obviously the pressure around that river to build, to have agricultural businesses, has been immense over the last 50 years. But at the mouth of that river there is a very important shell fish industry, oystering and clamming and those kinds of things. Over the last 15 years, the Federal Government, the Department of Labor, and the State Department of Agriculture have worked hand in hand with the local community to build an agriculture industry that has become very successful and has really helped our communities.

We are only able to do that because we kept that river clean. In the northern Suwannee basin, there are probably 75 to 80 dairies. It is a big dairying community. About 8 years ago, we put in place the PL 566 program to clean up--or help assist these areas in their waste disposal.

It has been a very successful program, and we are in the 9th year of that program, and this budget ends what we are about 3 years away from completion. Just this morning, I talked to our water management district director down there, and we are going to need about a million dollars funding each year over the next 3 years, but your budget ends that. This problem is what I want to focus my question on, and I want you to talk to me a little bit about the so-called--emergency watershed protection proposal which you have that seems to take those kinds of programs and shift them to something to respond to some emergency.

My contention would be that if we would prevent the emergency from happening to start with, we would be a lot better off.

Watershed Program Termination

Mr. Rey. The discussion within the administration about the watershed operations program of NRCS was, I think, honestly speaking, the greatest challenge that we faced in the development of the NRCS 2003 budget. And that has been the case in the past, that is not necessarily a new development. In fiscal year 1994, for instance, at the end of the day, Congress reduced the watersheds operations budget by 50 percent to respond to emergency flooding in 1994 with what was supposed to be a one-time reduction that was never modified thereafter. So funding has stayed flat from 1994 to present.

In this budget cycle, we face challenges and difficulties in making trade-offs more severe than we faced in 1994, and the treatment of the watershed operations program is a reflection of that.

At the same time, we are mindful of the fact that the program has a great deal of local support and support among members of Congress. Indeed, in fiscal year 2002, 64 percent of the funds for the watershed operations account were earmarked by members of Congress, which to me is a reflection of strong congressional support. The one thing that I can commit to you is that the discussion over what priority this program should enjoy, given the other budget priorities we are trying to deal with, both administration-wide and within the Department, is a discussion that will continue.

It is not uncommon, for programs that are authorized by statutes that are 40 and 50 years old, which is the case with both of our watershed operations accounts, to face this kind of scrutiny. It is a scrutiny that we don't shirk from, and a discussion that we want to continue to have with you.

Mr. Boyd. Mr. Chairman, I will follow up, since I see my red light is on I will follow up later on. Thank you----

Mr. Bonilla. Thank you, Mr. Boyd.

Mr. Boyd [continuing]. For your kindness.

Mr. Bonilla. Mr. Boyd hit the nail on the head this morning, Mr. Rey. I feel that we are going to probably hear from a lot more members on this subcommittee about this specific subject. This is the subject that had Mr. Boyd not started out with it, I was going to begin with it myself. I can assure you that we are hearing from our project managers, not only in our particular areas, but from people all over the country. There is great concern about how to fund some of the smaller projects, and some of the new projects that are pending. So we are going to work this out, and I think after this morning, you will walk away with a clear sense of the feeling of every member on this subcommittee about this watershed issue.

Ms. Kaptur.

Ms. Kaptur. Thank you, Mr. Chairman, and I am always happy to yield to my good friend from Florida, Mr. Boyd, and I thank you for your courtesy to him.

Administrative Efficiencies

I wanted to ask Secretary Rey, now, in the budget that you submitted, as I read it, there are proposed cuts, or you describe them as savings, of over \$30 million from what is called administrative efficiencies that were not mentioned in

your testimony this morning. The budget provides almost no details on these so-called efficiencies. I have several questions in regard to this. First of all, I would like to know whether when your budget was submitted to OMB, whether those efficiencies were a part of your original proposal or not, and whether the budget you are submitting to us today is the same one that you submitted to OMB.

I would like to know how did you arrive at such a precise estimate of efficiencies of \$30.8 million in 341 staff years, and I would like to know that if these savings are not achieved, what happens to the conservation operations account?

Mr. Rey. I don't think it will surprise anyone on this subcommittee to know that the budget that we submitted to OMB is not the final budget that we sent to Congress. I doubt that that is the case for any agency or department of the government. We did submit to OMB some efficiencies which we believe would result in savings. They had some additional efficiencies that they suggested to us would result in greater savings. In the course of working back and forth with them about what we thought we could reasonably achieve in the course of a fiscal year, we agreed on the number that is included in the President's budget.

Most of those efficiencies--and I will let Mr. Kaplan expand on this--but most of those efficiencies are efficiencies associated with our continuing effort to collocate offices with other USDA agencies and to combine administrative functions in the field and to continue to extend the service center concept. So I don't think that those efficiencies imply reductions in Conservation Operations. To the contrary, the idea is to try to stretch our dollars further to achieve more conservation operation per dollar, but most of them instead envision one set of support service staffs serving NRCS, FSA and Rural Development as we continue to collocate offices.

Did you want to add to anything?

Ms. Kaptur. No. That is fine. Is it possible then for you to provide more detail to us---

Mr. Rey. Sure.

[The information follows:]

NRCS has been working with the USDA Service Center Modernization Initiative (SCMI) to restructure county field offices, modernize and integrate business approaches and replace the aging information systems with a modern common computing environment (CCE) that optimizes information sharing, customer service, and staff efficiencies. There are many proposed, planned, and ongoing management initiatives designed to reduce overhead expenses thereby allowing additional resources of the County Based Agencies (CBA's) to be shifted to the field level. These initiatives include: completing the Common Computing Environment; updating telecommunication capabilities; competitive sourcing of 15% of the FTE's on the FY 2000 Federal Activities Inventory Reform Act list; studying efficiencies that can be gained by restructuring or reengineering the CBA's administrative functions; and additional service center office consolidations.

Ms. Kaptur. How do you actually calculate these savings or efficiencies? And you are saying that you assume you will achieve these? But in any case if you don't, there will not be

a hit on the conservation operations account?

Mr. Rey. No. There would not be a hit on the Conservation Operations account. If we don't achieve them, we will have to reprogram in the following year, but so far--and I sort of have to knock on wood--so far when we have agreed to a target with OMB, we have met it. Now, that is not to say that as an initial matter at the beginning of the discussion we will be starting an agreement, but ultimately when we have reached an agreement on what are achievable levels of efficiencies, we have, over the last three or four cycles, achieved them.

CONSERVATION INFRASTRUCTURE

Ms. Kaptur. All right. Let me move quickly to Chief Reed and ask, as you look at your entire, really, stellar career, what would you say are some of the major achievements that you feel that you have had, and as you look forward, what are some of the challenges we still face in the conservation arena as we try to think more at the policy level rather than the accounting level here? Where should Congress be focused?

Mr. Reed. Well, first I think the greatest achievement I have seen in my 30-plus-year career is the pulling together of the basic conservation infrastructure out in the countryside.

Ms. Kaptur. And how much, Chief Reed, of the countryside do we now cover, of the private lands where we have got voluntary groups working?

Mr. Reed. Under our Conservation Operations activity, we cover all the continental United States and the areas outside the continental United States, with few exceptions. Keeping the basic Conservation infrastructure together and the partnerships so that we can deliver the basic conservation programs and services to the farming and ranching community, is where the Congress should be focused as the current farm bill is being debated. I see the greatest challenge for NRCS is being able to keep a good solid professional workforce in place throughout the country so that we can provide the appropriate level of technical assistance so that we can implement programs that are being debated, programs that we know will be needed in the future.

CUSTOMER SERVICE RATING

Ms. Kaptur. I know that my time is expired on this first round, but I just wanted to say, to receive an 81 percent score from the University of Michigan's business school is unheard of, even in the private sector, and so to have that kind of favorable response to your activities is a true credit to the professionalism of those cooperators and advisers all over this country, and I guess that tells me that USDA better be careful in the future to not make changes that would harm that level of service.

LAND STEWARDS

I just wanted to mention that recently in my own community, one of our chief cooperators and land stewards died, and I had the privilege to attend his funeral. It really made me think

about how we recognize these individuals, and I don't think we really do very well. I represent both an urban and a rural area, but we have had just these tremendous stewards that have helped to develop a conservation ethic in our region, and I have been thinking about what more could we do to acknowledge and lift up these people as models to the broader community. If you have any suggestions about that, I really have been thinking about that of late. There are a whole set of individuals who are part of this team locally, the original, I guess you could say, the original plantings, and they have now matured and moved on. But we don't seem to--at least in our region--recognize them appropriately to the broader community. If you have any suggestions on how we might do that, I would be most grateful to you.

Mr. Reed. We are in the process right now of internally developing a program to address just that. I would like to follow up sometime in the next 2 or 3 days and provide you with a status report on where we are with that project.

Ms. Kaptur. I thank you. Thank you, Mr. Chairman.

Mr. Bonilla. Thank you, Ms. Kaptur.

Mr. Walsh.

IMPORTANCE OF WATERSHED PROTECTION

Mr. Walsh. Thank you, Mr. Chairman, and thank you both for your testimony today. I would like to associate myself with the remarks on my colleague from Florida, Mr. Boyd and with the chairman on watershed protection. We spend, in our office, an inordinate amount of time on water resources. We have lots of water in New York. It is extremely important to our quality of life to industry and to the environment, and also the conservation reserve program, which has benefitted primarily--primarily the western part of the country, but we have great interest in that program, and I will continue to be a supporter of that program. And we very much appreciate what you will do to protect those resources.

ENVIRONMENTAL RISKS OF ANIMAL FEEDING OPERATIONS

My question regards animal feeding operations, and as you mention in your testimony, there are significant environmental risks posed by these operations. And they also pose a tremendous difficulty for farmers to comply with the regulations that have been proposed by EPA and USDA. I believe that in order for farmers to comply with those regulations, we are going to have to be supportive and do our part, and I just wanted to ask you your thoughts, either or both, on what you feel are the major obstacles that animal feeding operations will have, and are we prepared to provide them with the resources they need to meet these new regulations?

Mr. Rey. I will start, and then I will ask Mr. Reed if he wants to augment the remarks.

I think the challenges are twofold. First, the development of reasonable and understandable requirements, and then second, the assurance of a delivery system on the ground that assists farmers in meeting those requirements. We are committed to addressing both of those challenges.

In the first instance, with EPA's cooperation and support, USDA has formed an interdepartmental working group, which Dr. Gray behind me cochairs with the EPA, to work on the development of both animal feeding operation and concentrated animal feeding operation regulations, as well as a number of other common concerns affecting the environmental implications of agricultural operations.

I believe what we are going to see as a result of that collaboration are a set of regulations that are farmer friendly and that can be reasonably implemented to affect material water quality improvements.

The second challenge, developing delivery systems to assure that farmers have the assistance and the resources to implement those regulations, is something that I hope and believe that we will be assisted in as Congress completes its work on the farm bill. There is a considerable amount of EQIP money devoted to that task, and if Congress does finalize the farm bill and continue that approach, we are eager to get about the task of implementing it.

Mr. Reed. I would just like to add to that by saying that the amount of technical and financial assistance available to farmers, in my opinion, will be key relative to USDA's ability to support the farming and ranching community.

Mr. Walsh. The approach that EPA takes is far more regulatory, and USDA tends to stress voluntary compliance. And as we all know, EPA will, in effect, put a gun to the head of a municipality to meet clean water standards based on waste water treatment and those sorts of problems, pollution--other pollution nonpoint source, too.

TMDL and CAFO Rules Compliance

With the promulgation of TMDL rules and CAFO rules, which are absolutely needed to protect water resources in the country and ultimately the entire national environment, the road to hell is paved with good intentions, and farmers who are operating on a very slim margin, certainly in my area, which is primarily dairies, really, really worry about the ability--their ability to meet these requirements.

So I would just urge you when you go to prepare your budget and when you go to OMB, make the case, and we will, too, and we will support you, that we need additional resources to help our farmers comply so that they can do their fair share. I don't think anybody would disagree that farmers are excellent husbands of the land, but they can't jump through all these hoops without our help.

Relationship with EPA

Mr. Rey. Those are good points that we are mindful of. I think one of the advantages of the cooperative relationship that we have developed with EPA is that we are beginning to get a common cultural approach to dealing with the environmental quality implications of agriculture, and EPA is beginning to adjust what I consider classical regulatory thinking in terms of what will really work on the ground. We are not going to bridge that divide overnight, but I think with Dr. Gray's

assistance, we have at least concurred interdepartmentally on which end of the cow gets up first.

Mr. Walsh. Thank you. Thank you, Mr. Chairman.

Mr. Bonilla. Thank you, Mr. Walsh.

Mr. Farr.

Mr. Farr. Thank you very much, Mr. Chairman. I appreciate this hearing today. I am looking over the USDA's agency list, and as I look at the budgets in your agencies, you rank about number 4 among them. Half the budget goes to food and nutrition, but the rest of the budget of the agency, you rank number 4, and it is kind of interesting.

Agency Dealing with Dirt and What comes off the land

The way I look at it, you are the only agency in the USDA that deals with dirt, and everything comes from the dirt. I mean, everything else we spend money on comes from what is coming off the land. You are the only agency that puts time and energy into what goes into the land, and if we are going to preserve agriculture, then we have got to do it.

Termination of Water Resources Program

What I can't understand is why, after this committee spoke to the Secretary last week, emphasized that it is what is running off the land. It is about management practices that are causing great concerns, and yet when I look at your budget on the watershed flood operations, it is zeroed out. On the watershed surveys and planning, it is zeroed out. On the watershed rehabilitation program, it is zeroed out. And on the emergency supplemental funding, it is zeroed out.

Yet you have done a survey showing that the investment in the watershed program that benefits to the Nation generate about \$1.6 billion. Again, my question is that you propose eliminating the watershed and flood prevention operations, and you say that these needs can be addressed by local governments, yet you don't point out why. Yet last year the Department advised this committee that there was an unfunded Federal commitment to this program, about \$1.4 billion. And I am really puzzled why that last year this was an unfunded Federal commitment, and this year it is not. Can you explain that? And do you really expect the State and local governments to provide for the \$1.4 billion Federal commitment?

Since it was so cost effective last year, why is it all zeroed out? And I think frankly you are going to hear from this committee over and over again. What I don't understand about the Department is that why don't we tie in conditions for risk management? Why isn't insurance based on these things? I mean, it is nice to ensure a crop, but if there is damage done to the land and there is runoff, somebody else has to pay it. That is a risk.

Why not--the cooperative State research and extension services, why can't those grants be tied into the efforts of NRCS? Why not allow the animal plant inspection service which also has a much higher budget to be tied into these practices? What I am trying to say, and I think the rest of the committee says, is that what is happening in America is people are

understanding that it is--under it all, is the land. You are the only agency in the USDA that really deals with the land, and if we are going to preserve this land and protect it so that it doesn't have downstream--you know, we can do fine on the site, but if it is having--if that site creates problems downstream, we are going to pick that--we are going to have to pay for that somewhere else.

So to me, zeroing out the watershed management program is, you know, robbing Peter to pay Paul. It is just foolish, totally foolish. It doesn't make any sense at all, and in light of what you said last year about the program, can you explain why it is zeroed out this year?

Mr. Rey. I think on the watershed programs, I am getting a fairly consistent theme here. We are a little dense, but we are not that thick. So we will obviously take that back. We will obviously continue to talk about that as this budget cycle progresses. And as I said earlier, the priority setting that we do as an administration, that you do as a Congress, with respect to the watershed program is not new this year. We cut the program in half in fiscal year 1994, and that money was never restored, even though it was supposed to be a one-time effect in response to flood conditions. But clearly, this discussion on watersheds will continue.

Erosion and Conservation Operations

With regard to erosion and Conservation Operations, I would make two points. One, I think our budget is sound there. It is not reduced from fiscal year 2001 levels. But, two, and probably more importantly, much of the effort that will go into those on the land programs are going to be a combination of not only this budget but the funds that are provided through the farm bill programs which provide the majority of assistance to farmers today for those kinds of programs including EQIP, CRP, farmland protection, wetlands reserve, and wildlife habitat improvement.

So I don't think you are seeing the full picture with just this budget. Once Congress completes its work on the farm bill, and put that alongside the budget, I think what you are going to see in total--and, again, I am not talking about watersheds now, I am talking about onland conservation, I think what you are going to see in total is a pretty robust program for moving forward in the next century.

Mr. Farr. What about the integration of all of the agencies?

Mr. Rey. I think we are seeing more of that now. It is something that we work on a lot, both in collocation, as well as in combining planning functions. But we can do better at that, and we will continue to strive to do better at that.

Mr. Farr. Thank you.

Mr. Bonilla. Thank you, Mr. Farr.

A little logistical information here. We are going to have to go vote soon. Mr. Latham, my vice chairman on the subcommittee, is now on the floor and will return and continue the hearing immediately upon his arrival. So you might need to be patient with us for just a couple of minutes.

But at this time we do have a couple minutes before we have

to depart, so I would like to yield once again to Mr. Boyd if he has any additional questions.

Conserving Soil and Water

Mr. Boyd. I really didn't want to leave this topic without saying to you good folks who have spent your life in the business of helping America's ag producers conserve soil and water that this panel recognizes the importance of your work. I have got pictures on my office wall at home of my family farm that were taken in 1940, when my father started farming it and there are washes and ditches in it large enough to park a truck in.

The efforts of the United States Government through the old soil conservation service, now NRCS--and we can argue about how we put it together, what vehicle we do it with, but the efforts that we have made together with the industry have made us the premier ag-producing country in the world. We know that times have changed, and now our challenges are different. They are not how do we keep holes from getting in our field. We figured that out long ago.

In most of our productive ag land, we have good practices in place. Our challenge now is the pressure being put on our ag-producing land from outside urbanization and developing ways to deal with those problems?

That is really what we are talking about here today, and the watershed program is one way to preserve our natural resources, make sure that our estuaries are clean, make sure that our drinking water in our urban communities is clean, and make sure that the streams and ponds are productive for fish and those kind of things. That is really what we are talking about and that is what this committee wants to focus on. How do we take the needs of the changing times in conservation and focus on that.

I just want to put a face on this watershed thing.

In 1994, when the program started, we asked 43 dairies in the Suwannee Valley area to participate in the program. Now, you all know that getting a farmer to participate in a Federal program is not an easy thing to do. We got 40 out of 43 dairies who committed to clean up their waste coming out of that area. With the help of NRCS we have completed 30 of those.

We still have 10 that are in the implementation process, and we just can't pull the plug on those guys. I mean, I can't go home and face those guys if I have to tell them that the PL 566 program is no longer in place. Not only am I not going to be able to face them, I am not going to be able to face the oyster men and the clam fishermen down on the coast.

I just wanted to put that personal face on what you are doing and the importance of the work that you all have spent your life dedicated to. I know there is no question there, Mr. Chairman, but I just wanted to make sure that it got to be part of the record.

Mr. Bonilla. Thank you, Mr. Boyd. Again, Mr. Boyd is reflecting the views of perhaps every member of this subcommittee.

Mr. Rey. I don't think there is any ``perhaps'' about it.

Mr. Bonilla. I only hedge it somewhat, because there have

been a couple of members who have not shown up for the hearing.

Mr. Boyd. Mr. Chairman.

Mr. Bonilla. Yes, Mr. Boyd.

Mr. Boyd. One other thing I want to say is obviously--and I have known this for a long time, that Mr. Mark Rey is a very quick study.

Mr. Bonilla. The word around town is as much.

Mr. Farr. Mr. Chairman?

Mr. Bonilla. Yes, Mr. Farr.

Forest Service Issue

Mr. Farr. I have one other question before we go to the vote, and let me read this. My office has been contacted by--I know this is in your bailiwick, but not under this committee's jurisdiction. It is in regards to the forest service and it is Los Padres National Forest out in my district. Both by letter and by person of several employees of that forest, concerning the management practice of the former supervisor Jeannine Derby, these employees have expressed concerns to me about what they believe a hostile work environment created by Ms. Derby's management, in particular, several have cited the climate where harassment goes unpunished and where victims who complain are subject to various forms of workplace retaliation. I am not in the position to judge the individual merits of these complaints, but I have concluded that there is enough smoke that there must be some fire there, and I understand that the forest service has initiated several internal reviews of the problems, and I ask that your office advise me as soon as feasible as to the results of these reviews, and further ask that the--keep me informed on the steps that will be taken to fix any of the problems that you might identify out there.

Mr. Rey. We would be happy to do that. We have a new regional forester in California, and dealing with this, and some similar personnel issues is one of his top priorities. He came on board the first of the year.

Mr. Farr. I appreciate that.

Mr. Rey. At some point when we have got some results, we will make an appointment with you and go through them.

Mr. Farr. Okay. When I come back from the vote, I want to talk more about watersheds.

FARM BILL

Mr. Latham [presiding]. Good morning. You are very fortunate. I think we are going to have a short hearing this morning. I just had a couple questions. I guess on the farm bill, it would appear that both versions really have competing interests, real strong commodity title and a real strong conservation title. And I would be curious if you have done any kind of background or research or--Pearlie, I don't know if you have information on it, but how is this going to shake out with all of the incentives in both the House and the Senate bills for production? Strong incentives on conservation? Have you seen where one side--I mean, both side is fully funded, basically. How do we resolve that?

Mr. Reed. I have what I would consider to----

Mr. Latham. And also tell me about farmland.

Mr. Reed. First, I would like to defer to Mr. Rey. I think he would be the person to first address your question.

Mr. Rey. The administration is committed to a fully funded farm bill that is consistent with the budget resolution limitation. We would like the funding levels to be even throughout the life of the farm bill so that the money is not front-loaded in a way that it diminishes the baseline funding in the outyears. Within that overall limitation, we think there is sufficient funding, both to meet our obligations to farmers in the commodity programs, as well as to mount a robust conservation effort. Discussions are ongoing about the balance between the two, and that is probably not a question we can unilaterally answer, given the status of the conference. But I think that I can say one thing, and that is whatever emerges from conference will be the strongest congressional commitment to conservation programs since the dust bowl era. Assuming that it fits within the budget resolution, it will be signed by the President, and it will be our honor to embark on a program of conservation that will far exceed what many of us thought possible a year or 18 months ago.

Mr. Latham. Do you share my concern that--and I am an Iowa farmer. I live on a farm a mile outside of the big town of Alexander there, 167 people, and just being a farmer myself, if the incentives are there for full production, and Senator Harkin's staff person has said that that will bring in--their bill would bring, according to their study, a little over 2 million acres into production. I know my neighbors, and I know the way farmers like to grow corn and soybeans in our part of the country, that with that much incentive in there in a commodity title, do you have concerns about the conservation side, that how do you compete with production? I think we are looking at a bill--it becomes more apparent to me that if you are a fertilizer chemical dealer, you have got a really good deal coming.

COMMITMENT TO CONSERVATION

Mr. Rey. I think the commitment to conservation in both bills is real, and designed to fit within the budget resolution, there will have to be some give, both in the commodity programs and in the conservation programs. But I think and hope we will end up with a product that strikes a reasonable balance. Senator Harkin's bill is very generous to the commodity programs, but it is also very generous to the conservation programs.

Mr. Latham. But I just know Iowa farmers, and I know my neighbors love to grow corn, and I would like to see the conservation side much stronger, myself. I don't think there is a balance right now. That is my major concern on the farm bill.

Okay. In 1999 there was the USDA verdict that said that the NRCS misunderstood and improperly enforced the wetland conservation provisions of the farm bill, that the landowner is entitled to make improvements needed to maintain the levels of use, scope and effect that resulted from more far-reaching modifications than in the past. Have you started to enforce that or write new rules, or do you know what is happening?

Mr. Reed. I believe that is the Nebraska situation isn't it?

Mr. Latham. I believe so.

Mr. Reed. We are working with that family and are in the process of working through, under the minimal effects provisions, the solution to that problem. We are also working with our Office of General Counsel, taking a look at the ruling and going back to look at everything we do to make sure we take what came out of that particular ruling into consideration.

CONSERVATION SECURITY PROGRAM

Mr. Latham. what is USDA's estimate to carry out the conservation security program as included in the recently passed Senate farm bill for each of the fiscal years 2002 on? How much of the total would go towards technical assistance for each of the fiscal years 2002 through 2011? Would all the technical assistance be carried out by the NRCS? That is an easy question for you, Pearlie. Come on.

Mr. Reed. I would like to defer it to the Secretary. But let me take a quick shot at it. We are developing those estimates. If you are interested in the details, I could ask our deputy chief of programs, Tom Weber, to come up, or we could follow up and provide that to you. And, with respect to us carrying out the technical assistance to do the work, we know that we don't have the wherewithal to do that. We are looking into third-party vendor provisions that we think will come out of the farm bill, as well as all other options that might be available to us in working with our partners to get the work done.

BUDGET FOR UNDER SECRETARIES

Mr. Latham. Okay. Thank you. Mr. Rey, I know the account for the Under Secretary is a small part of the overall budget request, but on the department-wide basis, the request appears to be in excess of \$55 million over the funding level appropriated in fiscal year 2002. Do you think the increases should be devoted to offices here in Washington, or do you think that the increases should be devoted to the field where the programs are delivered?

Mr. Rey. You said \$55 million over. I assume you meant \$55,000 over 2002.

Mr. Latham. Apparently it is \$55 million on all of the Under Secretaries.

Mr. Rey. I see. The Office of the Secretary item generally----

Mr. Latham. \$55 million.

Mr. Rey. \$55 million. Generally speaking, we are about putting resources to the ground, and that is a consistent thread throughout the USDA budget, particularly with the Natural Resources Conservation Service and the Forest Service, the two agencies that this mission area oversees. The increases in the Office of the Secretary's account are, I think, as a result of two things, and I will let Mr. Kaplan elaborate on these. One is some accounting changes, or putting costs of certain functions in the personnel area back to departments and

agencies. You will find these increases in not only the Office of the Secretary's budget, but in other budgets as well.

The second thing I think is a function of a different management philosophy in the Department. And that is, we are not asking the agencies to account for as many individuals that we are bringing on as Schedule C appointments, as has been the case in previous administrations.

With that, I will acknowledge my lack of expertise in the overall Office of the Secretary budget line, and turn to Mr. Kaplan to elaborate.

Mr. Kaplan. The staffing in the Under Secretary's Office, Mr. Rey's and the other Under and Assistant Secretaries is maintained from 2002 and 2003. There is money for pay costs, there is money for inflation. The biggest increase in the Office of the Secretary is \$28 million for security improvements.

Instead of trying to put money in all of the agencies' budgets to continue what we have gotten in the homeland, security supplemental in 2002, there is a lump sum in the Office of the Secretary that she can use wherever it is needed in 2003 to move along the security improvements at the Department of Agriculture.

There is also an increase of \$5 million for streamlining costs. As we try to downsize and co-locate more offices, we wanted a pot of money to be able to cover some of the costs in order to streamline our programs.

So it is not that we are adding people in the offices themselves, these are program areas that we funded out of the Office of the Secretary.

Mr. Latham. In the Office of the Under Secretary, there is an increase of \$152,000--that is not that many dollars--for unspecified programs and other activities. There is no real clear information about what it is. Can you give us any enlightenment? And we will be asking a lot of folks what those dollars are, that \$152,000.

Mr. Kaplan. It is cost to maintain 6 staff years in the Under Secretary's Office. There are pay costs, there is a salary adjustment because salaries go up, there is the shift of retirement costs.

Mr. Latham. There is no line that just says ``Program'' and ``Other.''

Mr. Kaplan. Well, there is a table in our explanatory notes that does break it out between pay costs, salary adjustments, inflation and things like that. But the idea is just--to fund the 6 staff years that are in the office today. But we will supply more information for the record.

[The information follows:]

The Under Secretary's office has an increase of \$20,000 for pay; \$57,000 for salary adjustments; \$2,000 for inflation and \$93,000 to ensure that he can fill vacancies with qualified individuals and pay office expenses. The total request for this office is \$923,000.

Mr. Latham. I would recognize the gentleman from Virginia, Mr. Goode.

Mr. Goode. Thank you, Mr. Chairman.

Let me ask you this, Mr. Under Secretary. In the funding for dam rehabilitation, you know, the program that we passed last year, and it was 25 million, you cut that and several other things in the soil and water conservation districts, and there is much concern. Tell me what your rationale was on doing that. Why?

Mr. Rey. The cuts that are resulting in the greatest degree of concern are in our watershed program accounts, watershed operation accounts. And as I indicated earlier, the discussion within the administration about the funding for those accounts was perhaps the most difficult part of the development of the NRCS fiscal 2003 proposal.

That is not new this year. Those accounts were reduced by 50 percent in 1994 on what was to be a one-time basis. That turned out to be a continued flat lining of the account.

In 1994, we were responding to other priorities associated with flood conditions that were particularly difficult that year. In this budget cycle, we are responding to other priorities for Federal funding that are equally or even more difficult. And so consequently, as we rate our priorities, those programs resulted in cuts.

At the same time, as I also indicated earlier, we are mindful of the fact that those programs enjoy considerable support within Congress. Indeed, those programs were 64 percent earmarked in the 2002 budget cycle, which is a reflection of strong congressional support.

So we understand that. We are going to continue to discuss funding for those programs as this budget cycle unfolds, this being the beginning, not the end of that discussion.

Mr. Goode. You mentioned the watershed cuts. But let's go back to the dam rehabilitation. Do you lump that in with that too, and you--it just--it was tough, of course, you had to make the cuts.

Mr. Rey. It is all part of the same program.

Mr. Goode. In a number of States you will acknowledge that there are dams that are in bad need of repair?

Mr. Rey. There is no question that we have a large backlog of rehabilitation needs. That reality raises two underlying questions that I think we will be exploring as we discuss this budget area over the course of the year.

First, in light of that, should we be devoting additional new funds to new watershed structures? And that is what those accounts were providing for in previous cycles.

And, second, in light of this large backlog of rehabilitation needs, a backlog that everyone understands with the most generous budget scenarios we would only be able to put a small dent in, what priorities should we place on which facilities we rehabilitate first?

Mr. Goode. Let me ask you this. Do you place a higher priority on building new structures or taking care of what you got?

Mr. Rey. My personal view is, given the backlog of rehabilitation needs, we probably are faced with an appropriation where if we have to make that choice, we ought to be looking to rehabilitation first.

Mr. Goode. And the 25 million that was in the budget last year, that was for rehabilitation, was it not?

Mr. Rey. I don't think it was 25. I think it was closer to \$10.

Mr. Goode. Yes. I think 25 was maybe what we hoped for and ended up with that.

Mr. Rey. Twenty-five was, I think, the authorization; 10 was the appropriation.

Conservation Reserve Enhancement Program

Mr. Goode. Okay. Let me ask you this about the CREP program. A number of farmers in my area in the Fifth District of Virginia, Nelson County being one, Albermarle County being another, Green County being another, have participated in that program. And someone here in Washington is holding up those funds, which I understand are available, but it has to do with their interpretation of well digging. Can you make a comment on that?

Mr. Reed. If you are talking about the Conservation Reserve Enhancement Program it is an FSA issue, that we will have to follow up on.

Mr. Goode. Can you see, if you can, what the problem is, because the farmers went into this to get the cows off the streams. You have got to have a well source away from the stream, and they included the paying for drilling the wells as part of the CRE program. Now those farmers that have wells as part of their conservation measures are not--they are not releasing the funds for that.

Mr. Reed. We will follow up with the FSA folks this afternoon and get back to you.

Mr. Goode. Thank you.

[The information follows:]

After the Appropriations Hearing, the National Resources Conservation Service (NRCS) contacted the Farm Service Agency (FSA) and received a status report on Congressman Goode's request concerning the release of funds in the Conservation Reserve Enhancement Program (CREP) in the Fifth District of Virginia.

FSA did suspend the approval of CREP contracts in Virginia, particularly where wells were planned. At the time, Virginia was not adhering to the CREP policy that prohibits drilled wells as part of this program. Subsequently, FSA has established CRP policy that allows for the drilling of wells. This policy change is reflected by CRP Notice Number 396 issued and made effective on March 1, 2002. A copy of the CRP Notice is provided for the record.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

New RC&D Areas

Mr. Bonilla [presiding]. Thank you, Mr. Goode. I wanted to raise one issue that I think was received very well by most members of the subcommittee, and beyond; the USDA announcement last month of the 20 new RC&D areas that would be covered by

new projections. There are dozens of counties as I look at the list here in those areas, dozens of counties that will benefit from those new projects.

My question is, what level of funding is needed to fully support this program and to take in these new projects?

Mr. Rey. The administration's budget request provides funding for all of the existing areas including the 20 that were approved earlier this year.

It does not include funding for any new projects for fiscal year 2002. And we can provide you with the data. I think it probably would require about \$66 million in total to fund both the existing projects--66.4 million, my memory only goes to the first two decimal points--66.4 million to fully fund existing projects as well as to favorably respond to the new proposals that we anticipate during 2002, some 20 or so new projects for that year.

Mr. Bonilla. I have a couple more questions I will submit for the record.

I will yield once again now to Ms. Kaptur.

Reprogramming Funds

Ms. Kaptur. Thank you, Mr. Chairman. Mr. Secretary, you talked about the potential to reprogram funds within the Agency in the event that you could not make the \$30.8 million in administrative efficiencies.

How would you reprogram? Where would you reprogram from in order not to hurt conservation operations?

Mr. Rey. Well, I think that your question was if we don't achieve those efficiencies, will there be a shortfall in Conservation Operations? And our expectation is that at this point, no. The question would be if we don't make the efficiencies, and therefore have higher administrative costs, where would we secure the additional funding?

The short answer is that I don't know that I could tell you that right now, because that would be the kind of decision that we would be looking at mid-year, but it would be dependent on where we have unexpended balances. But I can assure you, based on the committee's reprogramming requirements, that you would have to approve whatever we suggested by way of fund transfers to meet any shortfalls that occur.

Ms. Kaptur. Those fund transfers would come out of conservation operations?

Mr. Rey. Not necessarily. If again, if we had to make a reprogramming request to the committee, the reprogramming request would probably be one that looked across our program accounts to see where we had unexpended balances that we didn't think we would expend by year end in money that was 2003 money. Those would be the first priorities.

As I said, I don't know that I could predict that for you right now. But clearly if we do get to that point--and in parenthesis, I hope and don't see that we do--but if we do get to that point, any reprogramming will be before you as a committee, and not something we do as a matter of course.

Conservation Operations--A priority

Ms. Kaptur. Well, I just wanted to urge you--I read your testimony and your involvement in the proposals for the farm bill and overall departmental policy and so forth. When you look at the amount of money that the American people are shelling out across this country to keep agriculture propped up, we don't have a market solution to agriculture here, we have a government solution. So we are farming the government, we are not farming the market. As a minimum, we ought to be getting much more in terms of conservation for those dollars that are going out. I would urge you not to cut in the conservation area but to find ways, in fact, to use the billions and billions in support that are coming to the agricultural sector to exact more in the way of conservation. And we certainly will look at any follow-up from the Department on this. On Mr. Walsh's comments and others on this whole issue of land toxicity, water table penetration by toxics related to animal feeding, I want to urge you to do whatever you can. Coming from the Michigan School of Natural Resources, you understand the connect here that Michigan is draining on Ohio. So I will get real regional about this.

Impacts of Animal Feeding Operations

If we look at the CAFO operations in cattle and dairy that have been placed on that western side of Michigan now, what is happening is the water table drains into my district and adjacent to my district. And counties like Williams County at the Michigan-Ohio line are really deeply worried about their aquifers. At the same time, we have a number of Dutch dairies now locating in western Ohio, and they are large. And they are acquiring just enough cattle--I am trying to remember what the number is. If the regulation start at 1,000--then they are buying 999. I mean, this is what is going on in western Ohio.

My question to you is, how do we work with RC&D so as rather than getting a fight--let me give you one other example. We have got Buckeye Egg now, a German firm that can't do business in Germany because it was such a bad actor. Ohio welcomed them. They are now the largest egg producer in Ohio, and Ohio is a leading egg producing State. But the problem is they are an enormous polluter. So our State attorney general has Buckeye Egg in court right now, and we have got all of these environmental problems that attend to this particular facility. That is poultry. I mentioned dairy earlier.

How do we work with you? How does my region work with you? It is Michigan, it is Ohio. How can we be proactive, to get RC&D out there in front, to help us find a better answer? First, to test the water systems that are being polluted--how bad is it--but then to develop a management plan before all of those places open up? Could you enlighten me as to the system that currently exists so we can be more proactive, rather than just ending up in court, which is what our attorney general has done on this Buckeye Egg situation. How do we use the tools that you currently have to help us in our region, not harm the water, clean up the mess that has already been generated, and not allow the soils to become toxic? How do we use the tools that you have to do this?

Mr. Rey. The two initiatives that will contribute the most

to the problem that you are describing are the CAFO regulations that EPA and we are working on together to develop an understandable and farmer-friendly regulatory tool that doesn't exist at present. And second, the delivery system that we believe will be provided by the increases in amount and the utilization for technical assistance to animal feeding operations combined with EQIP money in the farm bill that is currently before Congress.

It is our hope that the two of those together will set us off in a new direction toward addressing what I consider to be one of the most rapidly developing environmental problems that we have today; that is, the concentration of operations in the animal feeding industry.

Ms. Kaptur. I know my time has expired. But I wanted to see if Mr. Reed wanted to add to the answer, what this means. Do we have to wait maybe another year? My problem is existing, it has existed for a while. What do I do while I am waiting for all of this? And what does the rest of the country do while we wait for EPA and wait for the CAFO regulations? What do you do now?

Conservation Infrastructure

Mr. Reed. I really don't have anything to add to what Secretary Rey said, other than you made reference to RC&D maybe being a tool that we can use. And I would add to that that all of our partners in this soil and water conservation infrastructure that we have out there right now are in an informal way collectively working on those issues. I think we need to continue to support and nourish that voluntary approach to dealing with the problem.

Ms. Kaptur. Well, let me just say as you think about this question, I would appreciate any recommendations for what our particular region of the country could do while we are waiting for more advanced development of these regulations and so forth and the passage of EQIP and so forth to prevent further damage and to try to remediate the damage that has already been done. And so any further enlightenment you can provide me there on existing programs that we can use would be greatly appreciated. Thank you.

Mr. Bonilla. Thank you, Ms. Kaptur. Mr. Boyd.

Farm Bill Conservation Programs

Mr. Boyd. Thank you, Mr. Chairman.

I would like to ask this question to both Secretary Rey and Chief Reed. As you know we are conferencing a farm bill now, or about to conference a farm bill. If you were king for a day and could write the section of the farm bill that applies to conservation of our natural resources and environment, how would you do it? What programs would you keep, eliminate, change, add money to, take money away from? That is a very simple question. Just what is your vision for how we, for the next 7 years or 8 years, how we deal with our natural resources conservation?

Mr. Rey. I find the problem with answering "if you were king for the day" questions is that you end up spending the rest of the day in the dungeon.

But I think, generally speaking, both bills have provisions that are going to take us a long way to improving our conservation programs. And there are some provisions in the Senate bill that we prefer over the House language. There are probably more provisions in the House bill language that at least in terms of simplicity and flexibility look to us to be preferable.

But I think the better answer to the question is that either bill makes such a pronounced advance in conservation operations that the best thing that can happen is that we resolve the differences between the two bills quickly and begin to put the results of that collaboration on the ground as fast as possible, particularly to respond to developing situations that Ms. Kaptur has pointed out.

Beyond that, I would be happy to share with you the side-by-side comparisons that we have. It is not a situation where one or the other body's bill is, unfortunately, superior to the other. There are provisions in each that are worthy of support.

Mr. Boyd. Thank you, Mr. Rey, I got the answer that I suspected I would get. And that is okay.

Chief Reed.

Mr. Reed. If I were King for a day. I would make sure that there are no unfunded mandates coming out of the process. And as a part of that, I would make sure that the full costs of carrying out these programs that are authorized are provided for in some way.

Mr. Boyd. But nothing jumps out in terms of the programs themselves that you would add or take away--you think the---

Mr. Reed. I think in both the House and Senate versions, there is a good mix. And I think we can use whatever comes out of what is there now and integrate it in such a way so that we can make it all farmer-friendly. So I think it is good.

Mr. Rey. There is one provision in the Senate bill that I think is worthy of serious consideration by the House. And that is the reauthorization of a 501(c)(3) foundation to work with NRCS to bring private sector dollars, which are not currently flowing into the system, into conservation operations. And it would be, I believe, very helpful if the House were inclined to entertain the Senate's vision there, with whatever changes you think are necessary, and give us the opportunity to create that foundation and to begin to expand on the public-private sector collaborations that we already have in the conservation area. Because I think with some creative activity, we can bring some dollars into conservation operations that aren't there right now. And they would not be taxpayer dollars in this case.

Mr. Boyd. Thank you. May I follow up with one additional question for Chief Reed?

Mr. Bonilla. Go right ahead, Mr. Boyd.

Florida Farm Foundation

Mr. Boyd. Chief, there is a program that you all have been involved in, and I am not sure which section it is under. However, there has been a collaboration with a group called AFAM which is part of the Florida Farm Foundation which--you are familiar with that.

Mr. Reed. I am.

Mr. Boyd. Would you comment on the effectiveness of that? Also I understand there have been some internal problems in AFAM. How is that affecting your thought process about our involvement in that?

Mr. Reed. Mr. Boyd, the details I don't know. But we have Larry Clark, who is our deputy chief of science and technology, leading that effort. If you would like, we can ask him to come up and respond to the question, or we can follow up and provide information for you for the record.

Mr. Boyd. Maybe we can do some of both. It would be great if the Chairman would allow me the time.

Mr. Clark. Thank you, Mr. Boyd.

The AFAM project is one that we started a year or so ago and has been producing some very innovative approaches to dealing with some of the animal waste issues in Florida and North Carolina. We think there is a great deal of opportunity to continue that effort to partner with others--non-profits--who can carry out this kind of activity.

The problems and issues in the organization have pretty much been resolved, and we are happy to see the cooperative effort continue.

Mr. Boyd. Thank you very much.

Mr. Reed, do you have anything to add?

Mr. Reed. No.

Mr. Boyd. Mr. Chairman, if I could ask Secretary Rey to submit for the record the side-by-side comparisons of the House and Senate--your part of those titles.

Mr. Rey. What you will find, it is a provision of the summaries side by side.

Mr. Boyd. No recommendations?

Mr. Rey. No.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Bonilla. Thank you, Mr. Boyd. I do believe we have one remaining round of questions from Ms. Kaptur based on our informal survey of members. I believe that that will be the final round, Mr. Rey and Mr. Reed. Ms. Kaptur.

PRIVATE LAND CONSERVATION ACTIVITIES

Ms. Kaptur. Thank you, Mr. Chairman. Mr. Rey, if I were to go into an audience of people who are not trained in your profession, and I were to try to simply explain to them how the jurisdiction you cover is different than the Department of Interior in terms of forestlands as well as land conservation, how would you describe the extent of coverage of the activities over which you have jurisdiction versus the Department of Interior? What about numbers of acreage of forestland, land held in the public domain versus the private domain, conservation programs? How would you give people a sense of the scale of that?

Mr. Rey. What I have described to people is that as far as private land conservation activities are concerned, that is the

almost exclusive domain of the Department of Agriculture.

There are limited programs of a specific nature, for instance wildlife-related programs, that are administered through Interior. But for broad purposes, if you are talking about private land conservation, the Natural Resources Conservation Service is the government's leader and occupies most of the field in that regard.

With regard to Federal lands, what I have told people is that, generally speaking, the Federal Government manages on behalf of the American citizens roughly a third of our Nation's lands. There are four major land managing agencies that have the responsibility for that estate. Three of them are in the Department of the Interior, one in the Department of Agriculture.

In the Department of the Interior, two of the agencies have specialized holdings, the National Park Service and the Fish and Wildlife Service, which manage the national park system and the national wildlife refuge system.

The third is the Bureau of Land Management which manages what remains, which we call the public domain, which has not been reserved either for the parks, wildlife refuges, or in the case of the Department of Agriculture, the national forest system.

And that is pretty much how we describe it. Each of the agencies has a somewhat different purpose. The purpose of the Bureau of Land Management and the Forest Service are the most closely comparable in the sense that both agencies have a mandate to accommodate a variety of uses as they go about managing the lands to which they are entrusted.

The Park Service and the Fish and Wildlife Service have a somewhat narrower mandate: in the first case, the enhancement of wildlife populations through the management of the refuge system; in the second case, the preservation of America's parks for the enjoyment of the public, not only the American public, but citizens of the world.

PRIVATE VS. PUBLIC LAND TREE COVER

Ms. Kaptur. If you were to fly over from coast to coast and look at the tree cover in the United States and ask yourself, in the public domain, how much of that tree cover is managed by the Forest Service versus the Department of Interior, where is the acreage greater?

Mr. Rey. The acreage is by far greater with the Forest Service. The Bureau of Land Management lands tend to be lower elevation, dry grasslands. There are exceptions. I am speaking in broad generalities now. The forests, which were the origin of the national forest system, were created in large part at the turn of the century by taking higher elevation areas with forest cover and removing them from the public domain to place them in forest reserves for, at that time, two primary purposes: to provide for watersheds and water supply stability, to provide for a sustainable supply of fiber resources.

So if you are flying east to west, at the point that you are flying over the eastern forest today, the acreage you are looking at, predominately although not exclusively, is privately owned lands. Once you cross the 100th meridian, you

are looking at grasslands. Once you get into the inner mountain area past the front range of the Rocky Mountains, what you see forested is predominately in Forest Service ownership. What you see in grasslands is predominately either private land or Bureau of Land Management public domain land.

And then finally, once you reach the West Coast, you cross the Sierras, the forested acreage that you are seeing is a mix of Forest Service and private land. The unforested acreage is predominately private agricultural lands.

Ms. Kaptur. And if you were to put it on a percent scale of those--let's talk about the forested or tree-covered lands over which you have jurisdiction. What percent of the total would be within USDA's and Interior's jurisdiction?

Mr. Rey. I think it is, roughly speaking, three-quarters Interior, one-quarter USDA; because, by far and away, the Bureau of Land Management owns the largest estate.

Ms. Kaptur. Okay. All right. I am going to ask you to provide some of those numbers for the record, talking about crop land, grazing land, forestland, and so I can get a clear picture in my mind of the overall breakdown.

[The information follows:]

The Forest Service manages approximately 192 million acres of public land--an area about 110 percent the size of the State of Texas--located in 44 States, Puerto Rico, and the Virgin Islands. These lands are known collectively as the National Forest System (NFS). Approximately 110 million NFS acres are classified as rangeland, although a large portion of these lands are also forested. Of the rangeland acres, 92 million are classified as grazing allotments of which 84 million acres are active allotments. National Grasslands are a separate component and occupy 831,000 acres.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

LAND COVERED BY CONSERVATION PROGRAMS

Ms. Kaptur. I am also going to ask you to provide some numbers for the record on the various conservation programs that you administer to incorporate the amount of acres and the kind of technical assistance available to people, so I can get a handle on the magnitude of this and who holds responsibility for those lands.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

BIOBASED FUELS

Ms. Kaptur. Though the Forest Service itself is not under our jurisdiction, they manage one of the largest vehicle fleets in the Government of the United States. And I am very interested in the biofuels issue and the use of forest residue for the production of biofuels.

I want to ask you, how much do you know about the composition of vehicles within the Forest Service; to what extent any of them use biofuels, ethanol, biodiesel, in either acquiring vehicles that use them or currently vehicles under their jurisdiction using that type of fuel? In other words, can you be a partner as a part of the Department of Agriculture in our efforts to really promote biofuel production through our national energy policy and through the farm bill?

Mr. Rey. Clearly we can be and want to be a partner in promoting the use, the development and use of biofuels. And if you look at the Forest Service budget, you will see additional recommendations for research appropriations in the development of biofuels.

I cannot today tell you whether and what the percentage of the Forest Service fleet uses biofuels, but I will get you that information for the record.

One of the things about the Forest Service fleet, as opposed to the inventory of vehicles nationwide, is that our fleet tends to run more heavily toward 4-wheel drive and utility vehicles, pickup trucks, because of the terrain that they are required to traverse. And to the extent that we are focusing more of the effort on developing mixed fuel vehicles in the general passenger vehicle category, that won't be necessarily something that our fleet will accommodate to the extent that passenger fleet as a whole will be. But I can get you specific numbers.

[The information follows:]

The Forest Service (FS) owns and operates a fleet of approximately 19,000 vehicles, which includes heavy equipment, off-road vehicles, snow machines, boats and airplanes. Passenger carrying vehicles make up approximately 3 percent of the total fleet and work trucks comprise another 86 percent of the fleet. Included in the FS vehicle fleet are more than 150 alternative fuel vehicles. The alternative fuels used in these vehicles include compressed natural gas, liquid propane gas, propane gas, methanol, ethanol and electricity. FS also operates more than 4,000 vehicles with diesel engines that can run on bio-diesel products. FS uses on an annual basis approximately 60,000 gallons of alternative fuels in its fleet vehicles. Executive Order 13031--Federal Alternative Fueled Vehicle Leadership--requires that 75 percent of nonexempt vehicles acquired by Federal agencies for use in metropolitan statistical areas with populations of 250,000 or more use alternative fuels. Approximately 90 percent of the nonexempt vehicles FS acquires for use in these areas are alternative fuel vehicles. The remaining FS vehicles are associated with law enforcement or fire activities, are in lesser populated areas, or meet other conditions that exempt them from the Order. Long-range acquisition plans include the annual purchase of more than 50 alternative fuel vehicles.

Ms. Kaptur. I come from a district that makes a lot of truck transmissions. I would urge you to engage with those in the administration who are involved in this new freedom car. We had the old partnership for a new generation of vehicles. And I really think that you have something to contribute here. And certainly as we clear residue from many of our forests, and you have this enormous passenger power for fuel within your service, I think that you can be part of the solution. I would

urge you to look at that at the highest levels of your responsibility.

URBAN SPRAWL

I want to move to the issue of urban sprawl. If I might ask you or Mr. Reed, what programs you have in place to assist local, State, and regional efforts to effectively deal with urban sprawl?

Ohio, as you know has more urban areas than anywhere, and farming is our largest industry, farming and food processing. We really do have enormous conflicts. We are sort of at the point of making final choices as to what the land will look like 100 years from now, and it is actually a very painful process.

I am just curious to what extent NRCS is involved in assisting communities and States in this regard. What types of programs do you have underway or are considering to help provide the technical assistance and help for township trustees and land conservers and conservation groups that are trying to get a handle on this and how to be proactive in establishing land trusts and development rights and so forth, farmland protection? How do you deal with this?

FARMLAND PROTECTION--FOREST LEGACY PROGRAMS

Mr. Rey. The two premiere programs that we operate are the Farmland Protection Program, and the Forest Legacy Program. Both programs provide financial assistance on a cost-share basis to purchase easements of farm and forestlands, predominately those that are threatened by urban sprawl. And those are program areas where both in the case of the Forest Service fiscal 2003 budget, we are recommending significant increases in funding.

Ms. Kaptur. How much is that, please?

Mr. Rey. We are recommending \$70 million for fiscal 2003, which would be roughly a 20 percent--18 percent increase over 2002 levels. Additionally, both the Farmland Protection Program and the Forest Legacy Program are scheduled for healthy increases in the farm bill that is currently in conference.

Ms. Kaptur. What are you asking for in the Farmland Protection Program, and is that an increase over last year?

Mr. Rey. In the Senate bill, the provision is for \$150 million in 2002, \$250 million in 2003, \$400 million in 2004, \$450 million in 2005, and \$500 million in 2006. That is a 5-year bill, so that is as far as it goes.

The House bill provides funding at \$50 million per year through 2011. That is a 10-year bill. So it provides monies spread over a longer time horizon. And what did we spend this past year on farmland protection? This past year we spent \$17.5 million in farmland protection. So either bill represents a pretty dramatic increase in the Farmland Protection Program.

Ms. Kaptur. All right. Is there any summary that is available from the Department as to how those Farmland Protection-Forest Legacy dollars have been used over the years? I don't need a lengthy report, but to get a sense of how those dollars have been used, so one can talk about it intelligently

to the public, which States have participated, which have not, what you expect from the States or localities. I know in our own State, one of the tragedies is Ohio seems to be not leading but following the pack on this. They didn't even have legislation in place, and so even if you had regions of a State that were interested in participating, if the State government wasn't interested, you couldn't do anything regionally, which was a great frustration of ours in our part of the State. And the State finally got its act together, but they are very late.

And so any enlightenment you can provide there will be greatly appreciated.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

WATERSHED PROGRAMS

Ms. Kaptur. I also support my colleagues on their concerns about the watershed programs. I think those are all of my questions, and we thank you so very, very much. We hope that your tenure is a very successful one, and we ought to get you written up in the Michigan Alumni Magazine if it hasn't already been done, a famous graduate of the School of Natural Resources.

I wanted to say to Chief Reed, it is always a pleasure to have you here, and your thoroughness and your professionalism and your 81 percent grade are a tribute to the fine work that has been done by NRCS over the years. And we hope you come back very often here. We enjoy having you.

Mr. Bonilla. Thank you, Ms. Kaptur. We have now been joined by Mr. Nethercutt, so I will now yield.

Mr. Nethercutt. Thank you, Mr. Chairman. Members of the panel, welcome. I apologize to you for being late. We have had three hearings going on. I know the Chairman does also, and other members, so thank you for being here. I am sorry to have missed your testimony, but I have been told what you said, so I am ready to ask a couple of questions that I hope will be of interest to you.

AIR QUALITY

My understanding is there has been discussion in the whole area of conservation relating to water and land conservation. I would ask anyone on the panel, to what extent do you believe air quality should also be a subject of concern as it relates to conservation? Out our way, we have the issue of stubble burn. That is a controversial issue. But what can you tell us about what the Department is doing with respect to the subject of air quality, and to what extent is there collaboration going on with interested parties as it relates to air quality conservation as opposed to land and water conservation?

Mr. Reed. Mr. Nethercutt, as you know, the Chief of NRCS serves as chairman of the USDA Air Quality Task Force. We have a very, very strong task force. I would like to just cover two or three major accomplishments of the task force.

First, we have developed priorities for research. The research priorities focus primarily on particulate matter, PM 210, PM 2.5, as well as issues dealing with animal odors and emissions. We are in the process of pulling together a good solid set of recommendations centered around voluntary incentive-based air compliance programs in working with EPA, and we have also recommended a burning policy. Also we have an EPA representative on the task force.

Mr. Nethercutt. I appreciate that. It is a difficult issue out our way. When you are growing crops that are enhanced by burning but yet you are facing the issue, the very emotional issue of air quality, and, you know, in stubble burning you see smoke in the air, and suddenly there is grave concern that children are going to have asthma attacks and so on. This is an emotional issue, the issue of burning. Yet notwithstanding that, it happens about 4 days a year, or has in our State. But Idaho, to the east of us, is engaged in a burning policy that sends the smoke our way even though our agriculture industry is not guilty.

It is a tough issue. I would hope that would be a coordinated effort and a fair analysis recognizing that there is an economy here, an ag economy that we have to maintain and do our best to go to other opportunities for cultivation and production of crops without burning. I don't think it can be done overnight. Field burning is a tough issue that I know you and probably members of the entire panel are familiar.

Mr. Rey. In some parts of the country, the air quality implications of agricultural operations are one of the fastest growing areas where we get requests for technical assistance. I think one of the benefits of the upcoming farm bill allocations will be the ability to provide some of that assistance either through our technical assistance accounts or through EQIP.

Mr. Nethercutt. Am I still able to ask another question?

Mr. Bonilla. Go right ahead.

Mr. Nethercutt. I don't want to hold you up.

Mr. Bonilla. You are the final member to be recognized. I think Ms. Kaptur also has one more question.

THIRD-PARTY VENDORS

Mr. Nethercutt. I am sorry to delay. Let me ask the panel what your thoughts are on contracting with certified third parties to provide technical assistance to the land owners for certain practices.

I have heard some concerns that technical assistance is sometimes delayed to complete projects such as inspection prior to timely seeding of CRP to recover crop. Delayed seeding, particularly in arid regions, increases the risk of a poor stand, and both landowners and taxpayers may have to provide additional funds to successfully complete the project, something that you all have had to address in your particular work. Is it something you would consider, is it a bad idea, a good idea, what is your sense of it?

Mr. Reed. There are several issues, Mr. Nethercutt. Number 1, the issue of third-party vendors is one that we have been participating in to one degree or the other for a long, long period of time. As you know, there are provisions in both

versions of the farm bill for a more extensive use of third-party providers to help with the technical assistance workload. And we are getting geared up to do just that.

Also you mentioned CRP. FSA is in the process right now of conducting a pilot testing for the use of third-party vendors. And we, of course, will take that information and incorporate it in what we do as we get geared up to implement the third-party provisions that will come out of the 2002 farm bill.

We think that the only way we will be able to get the work done is to expand our use of third-party providers.

LAND OWNERS IMPORTANT DECISION MAKERS

Mr. Nethercutt. Thanks. I know in your statement, your written statement that you made mention that the most important members of the conservation partnership are the people who own the land and make the decisions for its use. I would just conclude by saying I agree with you. As we look at CRP versus continuing land in production, CRP has a negative impact on rural communities that are under stress alone in terms of economic growth and continuation. When the land goes into CRP, the seed man and the farm implement guy and everybody suffers. Conservation of land is important. But conservation of productive land in production is also important as we keep farmers on the land and keep them growing crops as opposed to the alternatives. So it is a tough equation. I happen to like the House bill on the Conservation Reserve Program allocations as opposed to the Senate just for that reason. We need to have production agriculture flourish in this country, as well as the conservation side of agriculture.

So, with that, I thank all of you for your commitment to the government and your assistance to agriculture.

Mr. Bonilla. Thank you, Mr. Nethercutt. I understand Ms. Kaptur has one area.

REPROGRAMMING AUTHORITY

Ms. Kaptur. Yes, Mr. Chairman. Just to follow up on this whole question of reprogramming within the Agency. For the record, we will just ask if you can please provide the scope of your reprogramming authority under NRCS.

Mr. Rey. Sure. We can provide you that.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Bonilla. Mr. Goode.

Mr. Goode. Can I have one more question?

Mr. Bonilla. Absolutely.

DAM REHABILITATION PRIORITIZATION

Mr. Goode. To Mr. Rey. We were talking about the dam rehabilitation fund that has 11 million in it. Now, you are spending the money during this fiscal year. Who makes the

decision on which dams get rehabilitated? You can't rehabilitate too many with that 11 million.

Mr. Rey. Right. The act as passed in 2000 gives us criteria to use in making the prioritization of which dams are first in the queue for rehabilitation. And the ultimate decision, I think, is the Chief of the NRCS.

Mr. Reed. Basically we have a diverse committee of folks from the outside that make recommendations, and we try to treat the worst first.

Mr. Goode. Yeah. That diverse committee, who is on that diverse committee?

Mr. Reed. Primarily the NRCS State conservationists or his or her representatives from the various States, plus we have--
--

Mr. Goode. So it is at least 50 on the committee?

Mr. Reed. No. We don't have watersheds in all of the 50 States.

Mr. Goode. How many are on the committee?

Mr. Reed. I don't know the exact number.

Mr. Goode. 35?

Mr. Reed. 16 States.

Mr. Goode. How much is it costing you to administer this?

Mr. Reed. I can't tell you that off of the top of my head.

Mr. Goode. Not even a ballpark?

Mr. Reed. Well, we have three people working.

Mr. Goode. It is no more than 2, maybe 1 or 2 percent of it.

Mr. Reed. It is more than that when you add up all of the administrative costs associated with contracting and procurement and those kind of things. But the basic leadership to make sure we establish priorities of plan and scale, we have the equivalent of about 2-1/2 staff years invested in that.

Mr. Rey. I think it is also generally a fair proposition to state that the highest priority in rehabilitating dams is where there are downstream threats to humans and property.

Mr. Goode. I agree.

Mr. Bonilla. Thank you, Mr. Goode.

I am delighted this morning that we have had ample time for every member of the subcommittee to ask all of their questions that they have brought to this hearing. They are juggling several hearings, as Mr. Nethercutt pointed out. This is the appropriation hearing season and we get it done somehow, bounding around, doing votes and all of the other things we need to get done as well. I appreciate you all being here today. You helped us tremendously in getting this process started.

Mr. Rey, Mr. Reed, Ms. Thomas, and Mr. Kaplan, we appreciate your time and we look forward to working with you as we move forward to put this bill together. Thank you very much. This hearing stands adjourned until tomorrow.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Wednesday, March 6, 2002.

UNITED STATES DEPARTMENT OF AGRICULTURE MARKETING AND REGULATORY
PROGRAMS

WITNESSES

WILLIAM T. HAWKS, UNDER SECRETARY

BOBBY R. ACORD, ADMINISTRATOR, ANIMAL AND PLANT HEALTH INSPECTION
SERVICE

A.J. YATES, ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE

JOANN WATERFIELD, DEPUTY ADMINISTRATOR FOR PACKERS AND STOCKYARDS
PROGRAMS, GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

STEPHEN B. DEWHURST, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

Mr. Bonilla. The subcommittee will come to order.

I am delighted today to be holding this budget hearing for the marketing and regulatory programs at USDA. The agencies under marketing and regulatory programs include the men and women who are charged with keeping America's agriculture safe from foreign pests and diseases, ensuring that agriculture markets are operating with the greatest efficiency by promoting fair and competitive trade practices that benefit consumers and American agriculture.

Introduction of Witnesses

We have with us today Mr. Bill Hawks, the Under Secretary for Marketing and Regulatory Programs; Mr. Bobby Acord, the Administrator for the Animal and Plant Health Information Service; Mr. A.J. Yates, the Administrator for the Agriculture Marketing Service; and JoAnn Waterfield, Deputy Administrator for Grain Inspection, Packers and Stockyards Administration. And, of course, we always welcome Mr. Dewhurst, who wasn't with us recently.

We understand that you had a little rough going over on the other side of the Hill the other day. We read about that, Steve. We have fun over here, and we welcome you back.

We have read your statements and have entered them into the record. We will be delighted to hear from all of you in just a moment, but before we begin, I would like to yield to my friend, Ms. Kaptur, for any comments that she may have before we continue.

Ms. Kaptur. Thank you, Mr. Chairman. I just want to welcome our witnesses and to say that you have some of the most important responsibilities in our country. We appreciate your service, and we are very anxious to hear your testimony this morning, and we want to help you do your job better. Thank you very much.

Mr. Bonilla. Thank you very much, Ms. Kaptur.

Mr. Hawks, we will go ahead and begin with you. We understand others would like to make some opening remarks and again we have entered all of your statements into the record. We will be delighted to hear from all of you this morning. We will begin with Mr. Hawks.

Opening Statement

Mr. Hawks. Thank you, Mr. Chairman, members of the Committee. It is indeed a pleasure for me to be here to discuss

the budget for the Marketing and Regulatory Programs for the 2003 fiscal year. We do have the budgets for Agriculture Marketing Service, AMS; Animal and Health Plant Inspection Service, APHIS; and the Grain Inspection, Packers and Stockyards Administration, GIPSA.

Joining me today also is my deputy from the great State of Texas; Jim Butler is sitting right behind me. And as you have already said, we have A.J. Yates from AMS, Bobby Acord from APHIS and JoAnn Waterfield representing GIPSA.

I would like to start by giving you my philosophy, and that is working together--and I have worked with my agencies to draft goals for which we can be held accountable--I intend to see that MRP works. Those goals are, one, building broader bridges. We will increase cooperation and strategic partnerships with farmers, ranchers, States, foreign governments, congressional offices and other interested parties to ensure that our policies benefit producers and consumers alike.

Second, we are intent on moving more product. We will facilitate expanded domestic and international market opportunities for U.S. agriculture products, including value-enhanced products and products of biotechnology.

Third, we are investing in infrastructure. An agriculture that is healthy both biologically and economically is marketable agriculture.

Fourth, we believe in growing our people. We will make a concerted effort to recruit, recognize and reward accomplishments and inspire current and future leaders within MRP.

Last, but certainly not least, is selling agriculture as a profession. We will creatively market the vital role that agriculture plays in all Americans' lives to assist our effort to recruit, retain the highest caliber work force for MRP and USDA.

The funding sources for our agency that we are proposing today are funded both by taxpayers and beneficiaries of the program services. The total budget is nearly \$1.5 billion, over \$500 million of which is funded by user fees paid by the beneficiaries of the services.

On the appropriations side, APHIS is requesting \$395.4 million, of which \$13.2 million is for building and facilities. AMS is requesting \$105.2 million, and GIPSA is requesting \$42.9 million.

The Agricultural Marketing Service, or AMS, activities are an integral component of the USDA-wide effort to assist the U.S. agricultural industry in marketing their products and in finding ways to improve their profitability. Many of the programs administered by AMS are aimed at building cooperative and strategic partnerships with the agriculture community and State institutions that support it.

Additionally, AMS provides oversight to research and promotion programs that allow producers, handlers, processors or importers to collaborate to solve marketing problems and to increase sales domestically and abroad. USDA continues to believe that the National Commodity Research and Promotion Programs offer opportunities to maintain, develop and expand markets.

AMS is requesting much-needed additional funding to maintain the viability of the Federal seed programs and to bolster exports through international market price reporting.

The Animal and Plant Health Inspection Service, as you well know, the primary mission is to manage issues involving animal and plant health, conflicts with wildlife, environmental stewardship and animal well-being, and I am certainly pleased to see the beetle on the wall back here today.

Together with the States and industries, APHIS protects and promotes U.S. agricultural health, preserving and expanding domestic and international markets for U.S. agricultural products.

Recent events have highlighted the need to protect the security of our agriculture production sector and our food supply. However, well before September the 11th and long before foot-and-mouth disease crippled the British agricultural sector, APHIS had been fully engaged in activities to detect and exclude agricultural health threats and ensure preparedness and appropriate infrastructure to address pest and disease emergencies that occur.

We have indeed encountered emergencies. Just in the last year alone the Department released \$336 million in funds from the Commodity Credit Corporation to address outbreaks of disease. Asian long-horned beetle, chronic wasting disease, citrus canker, karnal bunt, Medflies, plum pox, pseudorabies and tuberculosis.

The Grain Inspection, Packers and Stockyards Administration's mission is to facilitate the marketing of livestock, meat, poultry, cereals, oilseed and related agricultural products and to promote fair and competitive trade for the benefit of the consumers of American agriculture.

It helps move more product, both domestically and abroad, by investing in domestic infrastructure that supports marketing within the grain, poultry, livestock and meat industries. GIPSA's Federal Grain Inspection Service is requesting increased funding that will allow it to expand its newly established biotechnology programs and to keep pace with the rapid introduction of new value-added products, whether developed through biotechnology or conventional breeding.

This concludes my statement, and I look forward to working together as we proceed in the 2003 budget appropriations process. We believe the proposed funding amounts and sources of funding are vital to providing the infrastructure to protect American agriculture from pests and disease and for moving more product, especially for increasing exports to foreign markets. It will provide the level of services expected for our customers, the farmers, the ranchers and the agriculture marketing industry and consumers.

We are happy to answer any questions that you may have. Thank you.

[The statement of Mr. Hawks follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Bonilla. Thank you, Mr. Hawks. We do appreciate the

photo you sent us of the beagle. It adds a lot to the room, and we appreciate that.

Mr. Yates, did you have some opening comments?

Agricultural Marketing Service Opening Statement

Mr. Yates. Yes. Thank you.

It is a pleasure to be here, and I certainly agree with Congresswoman Kaptur in the opening statement that she made about the importance of the Agriculture Marketing Service to agriculture.

I am a farmer from California and I had the opportunity of working in the California Department of Agriculture for 9 years. I know that the programs that AMS provides to agriculture are critically important in helping them move their products into not only the national marketplace, but also the international marketplace.

We do that in a variety of ways, and naturally price reporting, whether it be on livestock or in a market, on fruits and vegetables and other commodities, is of critical importance in the ability of farmers to move their product on a timely basis.

In those, we have our research and promotion programs which are very important for the producers to be able to promote their product to consumers, both in the United States and internationally, as well as marketing orders which help our growers develop standards where the consumer knows what they are buying when they buy it from long distances.

We also provide a service of Section 32 in helping farmers with surplus commodities, at the same time providing very nutritious food for our schoolchildren, as well as needy people throughout the United States.

Farmers markets and direct marketing are critically important to our small farmers, who represent 90 percent of the farmers in the United States. We work closely with them. I had experience for 9 years working with farmers markets in California, and I know what they do for agriculture.

We also provide a service of pesticide detection programs, which helps not only protect the food supply, but it also gives us the ability to register the tools that we need to produce a nutritious and healthy product.

I appreciate the opportunity of being here today, and I would be more than willing to answer any questions you might have.

[The statement of Mr. Yates follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Bonilla. Thank you, Mr. Yates.
Ms. Waterfield.

GIPSA Opening Statement

Ms. Waterfield. Thank you, Mr. Chairman. Briefly, I just appreciate the opportunity to be here, and I want to thank the

subcommittee for the support it has shown GIPSA in the past. I will defer to the comments that my colleague, Mr. Shipman, has already submitted to this committee; and I will be happy to answer any questions put forward by the committee. Thank you.

Mr. Bonilla. Thank you.

[The statement of Mr. Shipman follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Bonilla. Mr. Acord.

Mr. Acord. I have submitted a statement for the record, Mr. Chairman. I have no further comments other than I appreciate the opportunity to work with the committee on the 2003 appropriation.

[The statement of Mr. Acord follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Proposed Language Change, CCC Authority

Mr. Bonilla. Mr. Hawks, I would like to begin with an issue here that is apparently a policy change in the budget request. That is a proposal to delete the Secretary's emergency authority to use the Commodity Credit Corporation, which, as we all know, is CCC, to finance emergency pest and disease outbreaks. This authority has been in place since 1984, and it was this subcommittee that provided this authority. The proposed language would give the Secretary the authority to use CCC only for an emergency that was not funded out of the CCC in the previous fiscal year. I want to learn how this authority would work, so I ask you to indulge me for just a second.

If I understand the proposal correctly, funds to combat the Asian long-horned beetle, which was funded out of CCC in fiscal 2002, would not be eligible for CCC funding under the proposed language in fiscal year 2003. Is that correct?

Mr. Hawks. Yes, sir, that is correct. The proposal that we presented suggests that after the emergencies are declared, they should be shifted to appropriated funds.

Mr. Bonilla. Would the language allow you to seek funding to combat the longhorn beetle in fiscal year 2004?

Mr. Hawks. I am going to defer to Mr. Dewhurst on that one.

Mr. Dewhurst. There is money in the budget to deal with the current outbreaks that we know about. If there were new outbreaks in different locations or under different circumstances, I believe we would use the emergency authority to deal with those new outbreaks. I think that is the way the budget is set up.

Mr. Bonilla. So if there was a major outbreak of longhorn beetle in fiscal year 2003, for example, and the cost exceeded the funding levels, this will be appropriated under this proposal. Are you suggesting then that you would have to go to that emergency designation?

Mr. Dewhurst. If we had a new outbreak in a different place, I believe we would use the emergency authority.

What we have in the budget is money for the known outbreaks--Chicago and New York, as I recall. We would use the appropriated money for those concerns.

Mr. Bonilla. I just want to state for the record that this proposal would be a significant change in the way we have responded to pest and disease outbreaks in the past. History shows that the current method of response has worked pretty well so far. USDA is committed to eradicating several pest and disease outbreaks that were declared emergencies by the Secretary, and we will work with you to ensure that you have the resources available to you to complete the job.

This budget proposal is something we definitely want to bring to everyone's attention at this point.

Mr. Hawks. Mr. Chairman, I would like to add to that, and say thank you for your commitment to help us address those needs that we do have. I certainly appreciate that.

Mr. Bonilla. At this time I am going to yield to Ms. Kaptur.

I want to advise folks that we are expected to have a Journal vote shortly after 10 o'clock. We might have to take a quick break at that time. I would hope that one of my colleagues can get back here and take the Chair for a moment so we can have as much continuity as possible during this interruption.

Ms. Kaptur.

Ms. Kaptur. Thank you, Mr. Chairman, very much. Thank you all for your testimony.

Under Secretary Hawks, you struck a real chord with me in the beginning of your testimony where you talk about selling agriculture as a profession. With the new eye that you have on Washington, I would like to invite you to go look at the agriculture exhibit at the American History Museum and see if you were a young person 17 years old, if you would ever consider agriculture as a profession if you looked at it.

I think that as we are redoing some of the buildings here in Washington for agriculture, we need to sell agriculture to the millions of visitors that come here.

You talk about biotech, and we know the plant genetic work that is being done and all of the work. Here is a brochure on ethanol. Now, what is going on around this country to move us into a new emerging future based on agriculture? We have to make this field exciting to the youth of this country, and those exhibits are great historically, but they do not give a sense of the contemporary nature of agriculture.

If you go into the computer exhibits, the kids are all over there, and I think our private companies could be challenged. If you look at what goes on at Epcot Center down in Florida in promoting agriculture through the displays that are there, I would just suggest that as you are wandering around town you familiarize yourself with the turf here.

You have an ally up here on selling agriculture as a profession in its full dimension.

Mr. Hawks. Ms. Kaptur, I would like to say to you that this is my first cut on this--and we did this collectively, setting these goals. I even suggested that we set that goal of selling

farming. Having spent the last 30-odd years--or actually my entire life in production agriculture and never serving in Federal Government until last May, I have a keen interest in selling agriculture as a profession.

I think it is a great profession, I think it is a noble profession, just like a lot of other professions that we have; and I would be delighted to work with you to make sure that we are displaying and exhibiting it in the appropriate manner that actually reflects agriculture today. I think if a lot of younger people who are in college or in high school really understood what agriculture is all about and how it affects the lives and livelihood of every person in the world, that we would have a lot more interest in agriculture; and that is exactly what we intend to try to do. So I am looking forward to working with you in whatever capacity we can.

Ms. Kaptur. Well, I hope that you go sit down with the head of the Smithsonian and tour those buildings. I hope that as we invest the money in the South Building at agriculture, you think about the way that it speaks to the public.

You know, we had to fight prior to your service to get the farmers market over there on the Mall; and all of a sudden everybody goes, oh, gee, it is successful, oh, surprise, surprise. Yes, well, those were small steps, but so much more can be done because this whole city is a museum and people learn by coming here.

And so thank you for your receptivity. I think Secretary Veneman probably shares this perspective.

I wanted to say to Mr. Yates that as I listened you referenced farmers markets in your testimony. But if I look at the budget, there are no program increases for two activities important to farmers markets in your budget, the Wholesale Farmers and Alternative Market Development Program and the Payments to States and Possessions Program. I merely point that out to you as we fine-tune the submission through this appropriations process.

It is just amazing some of the work that has been done with farmers markets, and I have always thought the greatest job in the world would be to be in charge of networking all the farmers markets of this country so that the soup produced in North Carolina could end up on the shelves of our local farmers market in Toledo and to provide a real alternate marketing opportunity for a lot of the newer products coming out where the income goes right to the producer.

And I notice, Mr. Hawks, that you are largely a row-crop farmer, although you have many other things in your background. But I have to put in a word for the specialty crop producers here.

I represent both, and I can tell you that some of these farmers market programs adjacent to cities are among the most important ways we can actually get them access to the customer. And so I hope that you might take another look at those programs. If you wish to make any comments on your perspective on farmers markets, I would appreciate it.

Mr. Hawks. Ms. Kaptur, I certainly appreciate the importance of farmers market; and to share with you, I actually was in specialty crops. I was in vegetable production. I paid my way through college by growing peas, butter beans and snap

beans every summer on our farm and selling them at the farmers market in Memphis, Tennessee. So I have a keen interest and an understanding of farmers markets.

After coming back from college while I was starting my row-crop operation, I did the same thing. So I have a keen interest in farmers markets and a great understanding and appreciation for them, as well.

Ms. Kaptur. And I can tell you from our part of the country, our cattle producers, our pork producers, are really frozen off the shelves of the major supermarkets, and were it not for opportunities to sell through our farmers markets, they couldn't reach the public unless they did it out of their own operation--which is generally in the country, so you don't have as many customers driving by.

I know my time has expired, but I look forward to the next round of questions.

Mr. Bonilla. Thank you, Ms. Kaptur.

We will go to Mr. LaHood and then Mr. Boyd. Mr. LaHood.

Homeland Security

Mr. LaHood. Let me ask, since it is the favored topic of everyone around here if--have you folks been involved in discussions with Governor Ridge and his staff in his office, if there was some sort of national calamity that took place in our country with respect to food, food supply, origins of food coming in, are you a part of a team of people that has been working on a plan to make sure that the food supply in our country is safe and that you would be working with Governor Ridge?

What have been your activities with his office in securing the food supply of our country if something were to happen?

Mr. Hawks. Yes, sir, Congressman, we have. Actually, we have, within USDA, a homeland security structure. The Deputy Secretary is the direct interface with Homeland Security, with Governor Ridge's office. Dr. Elsa Murano, the Under Secretary for Food Safety, and I cochair Agriculture's Production and Protection of the Food Supply Council within USDA.

We have numerous working groups working with Governor Ridge in the Office of Homeland Security. I have primarily been working on the border issue; Mr. Acord and myself have both been working very closely with that. Other members of the USDA team have been working on other specific issues.

So I could, go to great length in talking about border issues and what we are doing there if you would care to do that. We do recognize there is a tremendous need for greater coordination and cooperation between our border agencies to make certain that we do keep out of this country the things that we want to keep out of it.

I will share with you that agriculture plays a very vital role in that process, and I do not take lightly the responsibility of excluding harmful plant and animal pests and disease out of this country.

So we are working. We are engaged in that and will be continue to be engaged.

Mr. LaHood. Is there a plan in place and can you assure us today that there is a plan in place to make sure that the

homeland food supply is safe and secure in the event that somebody tries to--we know there are people that want to do in the United States. We know that the war is being fought not only in our own country, but in other places of the world. But with respect to the food supply, can you tell us today that there is a plan in place and that we are prepared to deal with any kind of an assault on our food supply?

Mr. Hawks. I can tell you that we do have plans. They are in place. It is our intent to protect the food supply. There is no question about it.

I would like to share with you, on 9-11, that very day before we left our offices, the then-Chief Veterinary Officer of the United States sent out an e-mail that was circulated, and the e-mail said for everyone to heighten their vigilance, because of what happened. And along with that e-mail, he suggested to share it wherever the recipient chose to.

Would you believe that that same afternoon that e-mail had circulated back to me through a veterinarian out in the countryside? So we had plans in place before 9-11. We are obviously continuing to evaluate our plans in light of the new environment that we are living in today.

Mr. LaHood. Has your agency or have your folks had a chance to look at the amendment that was offered in the Senate by Senator Tim Johnson having to do with the sale of livestock 14 days before? And do you have any comments on that in terms of your ability implement it if that were to become law, in terms of really being able to administer that new law; or do you have any thoughts about that amendment and do you support it? What is your feeling about all of that?

Mr. Hawks. The administration has not taken a position on that particular amendment, and I was in a meeting the other day with some of the administration people that are working directly on it, and the fact was pointed out that we feel like Congress should work its will on some of these.

But I will defer to JoAnn Waterfield, who is involved in the Packers and Stockyards Administration, to talk about the mechanics of administering that.

Mr. LaHood. Let me just say one thing. This is an important amendment. And you know as well as I do--that I have a very high regard for Secretary Veneman. I like her very much and she is a friend.

But, you know, one of the criticisms of the USDA has been that they haven't weighed in either in the House or Senate, as these bills have been marked up--now we are talking about farm policy for the next several years, and I would be curious to know at some point how--you folks are going to have to administer this if this becomes law. This is an important change, and I have been hearing from a lot of my people about it, one way or another; and at some point I hope you folks weigh in on this because you are going to have to administer it.

Mr. Hawks. I will defer to JoAnn to answer about administering it.

Johnson Amendment

Ms. Waterfield. Yes, obviously we are following the debates

on the amendment very closely, and we are paying attention to the language of the bill and also to the debates behind the bill, so that if the amendment is passed and becomes part of the farm bill, we understand as much as we can about what Congress intends to pass.

We will promulgate regulations setting forth how we will interpret the bill if and when the Johnson amendment is incorporated into the statute, so that the industries that we regulate clearly understand what the statute's requirements are. At the time that we promulgate regulations, the industry, of course, will have the opportunity to comment on our interpretation.

Once the regulations are promulgated, though, they will have the force and effect of law. And we, of course, will enforce the law. But at the time that the regulations go into effect, there will be no surprises, so that the industry will understand exactly what control means from USDA's perspective.

Mr. Bonilla. Thank you, Mr. LaHood.

Mr. Boyd.

Mr. Boyd. Thank you, Mr. Chairman.

I want to start by saying, Secretary Hawks, that I have read your biography, and I very closely identify with many things that you have done in your life, not only in the specific tasks that you performed, but of the time in our country that you performed them; and I am very happy that you were there.

I want to start by following up with Mr. LaHood's comments and say that I share the same concerns that he does about the Johnson amendment. I have been talking to my farmers back home; and actually they are very mixed about whether they support it or don't support it. They are not sure, because they don't even understand it.

I think one of the things that concerns me about a statement that I just heard from Ms. Waterfield is that you said ``we will interpret what it means after it goes into law.'' We need more than that. We need to understand what it means before it goes into law, so that we can know how to fix it or whether we ought to do it or not do it. I think maybe that was where Mr. LaHood was going.

Our people are very confused about it. I think many of the Members of Congress are very confused about what it does. Does it inhibit our ability to do the things--contracting, hedging--that we have been doing up to this point or not?

So I would encourage the administration to weigh in as well. No question there. I just wanted to make a follow-up on what Mr. LaHood said.

I would like to ask Mr. Acord a question.

Citrus Canker

We have a high level of interest in a little pest that came in through the Miami Airport in the early 1990s, brought in through the APHIS inspection system people. Some tourists brought it in, or some resident--citrus canker.

Would you, Mr. Acord, update this committee from your perspective, on how we are managing in that fight against canker? Are we making progress? Are we losing? What is it

costing us? How much more is it going to cost us?

If you would, I would appreciate that.

Mr. Acord. I would be happy to do that, Mr. Boyd.

The progress we have made in trying to eradicate citrus canker obviously has been slowed by the lawsuits that we have had in Miami-Dade and Broward Counties. This stopped the removal of trees from--within the 1,900-foot barrier that the scientists have told us is necessary to prevent the spread of citrus canker.

Notwithstanding that, we still have the ability to remove infected trees, and this State, through our cooperative program, is doing that. The legislature in Florida, according to the Commissioner of Agriculture, is near passing a bill which would mandate the 1,900-foot barrier, and we would remove trees within that 1,900-foot barrier under State law.

If that law passes, and there are no further court challenges, that removes the major barrier to progressing with the eradication program. As long as we continue to have those trees infected or exposed in the Miami-Dade-Broward County areas, we are going to continue to have a source of infection that will continue to move up--or potentially move up to the major citrus producing area in Florida.

So our hope is that, through the settlement of the lawsuits or the passage of a State law, that we will get on with that tree removal.

One other concern we have, is continuing the ability to achieve the kind of cooperation that we have with the State; and we have had a good, cooperative relationship with the State.

Mr. Boyd. I want to make sure that the committee understands what the 1,900-foot issue is. Also, I agree with you, I think the legislature is close to codifying that, and that will help us.

Mr. Acord. Yes, sir.

Mr. Boyd. However, I hear you saying that you think if we get the rule codified that you are optimistic about our battle against canker, and you think it is within our reach in the near term to wipe it out?

Mr. Acord. I do, near term, it may be an overstatement.

Mr. Boyd. A year?

Mr. Acord. Within a year we should have the trees removed. We should have the source of inoculum removed, and with good sanitary practices among the growers. I really think it is achievable at that point.

Mr. Boyd. Okay.

Mr. Chairman, I noticed the red light, but could I continue on this issue?

Mr. Bonilla. Go right ahead.

Mr. Boyd. Mr. Acord, it is my understanding that there has been no problem in the commercial grower industry in terms of the 1,900-foot rule.

Mr. Acord. That's correct.

Mr. Boyd. By the way, 1,900 feet, for the members of the committee that don't know, states when you find one infected tree, you have to draw a circle 1,900 feet around it and destroy the trees within the circle. That is the only way to get rid of it. I understand, 260 acres of producing citrus

groves have been destroyed, and our growers have been most cooperative in their efforts to assist the State and the Federal Government in eradicating this.

Can you talk to me about why you think they have been cooperative, and what do you think the cost will be to continue the eradication program? Also, talk to me about the compensation issue.

Mr. Acord. One of the major reasons the industry has cooperated has been the compensation that they have received for their trees. After all, this is a commercial enterprise. They do have to continue in business, and the only way they can do that is with compensation for the lost trees and the lost income that results from losing those trees. Because the important thing to recognize here is, this is the first--or one of the first--diseases that we have ever had to battle where you remove the host crop.

There is no spray for it. There is no other treatment. You have to remove the trees. So that is taking away the livelihood of the producers.

They have been very cooperative because of the compensation that they have received. Besides that, collectively the industry recognizes that failure to remove those trees represents a threat to the entire industry. It has the potential to devastate the entire State.

On the other hand, the homeowners, over time--those that have so adamantly opposed the removal of the trees, are going to lose those trees anyway. If we only remove the ones that are infected, then it is simply going to spread to the others, and over time they are going to wind up losing those trees. But it is hard to convince people when you are taking a 10-year-old tree out of their yard that we are doing the right thing.

Mr. Boyd. Mr. Acord, assuming that we get the 1,900-foot rule codified quickly or we win the lawsuit, what do you think the cost under the current compensation formula will be on the commercial grower side?

Mr. Acord. My hope is that we would not have to get into any more commercial compensation. We don't know at this point and don't have an estimate on what that might be over the next year or so. If we are able to get in and remove the trees, we think that any further infection of a commercial grower is going to be minimal. It is simply a guessing game at this point.

Mr. Boyd. Mr. Acord, you are very, very optimistic about that, and as you know, that fund balance is zero now.

Mr. Acord. That is correct.

Mr. Boyd. There are no unpaid commitments, but the citrus industry folks are very concerned about the future. I would encourage you to meet with them and talk a little bit about this. However, I just don't see how we get through this without some more help, and I just want to make sure that we get you on board with that.

Mr. Acord. Well, I didn't mean to imply that it is zero. There is--obviously some. It is just very, very difficult at this point to estimate what that might be.

I am well aware of the industry's concern about that, sir, and they never miss an opportunity to make me aware of it.

Mr. Boyd. Thank you very much.

And, Mr. Chairman, that is all I have. But before I quit, I want to associate myself with the comments that you made about the \$162 million account. I didn't get into that, but I could ask many questions about that, how it would work mechanically in terms of new canker finds. Would that be a new emergency? Or will that be the old emergency? And which account will it be paid out of?

Also, 162 million to pay for all the invasive pest emergencies of this country for 1 year may not be enough. When you look at what has been done historically, what we have had to pay out of CCC in the last couple of years is about double that. So I would like to associate myself with the opening remarks of the chairman about that way of doing business.

Mr. Bonilla. Thank you, Mr. Boyd. And also with the point you brought up, I think I would like to emphasize the need for us to continue to have that emergency authority to deal with some of these things when they break out. That is what we are talking about here today.

I have a couple of questions remaining, as well, but I would like to go ahead and yield to my friend, Mr. LaHood.

MAD COW DISEASE

Mr. LaHood. Let me just ask one other question, Mr. Chairman.

One year ago, your agency, particularly the Secretary, the number one topic was mad cow disease. Is that still a problem in the world, and is it a problem for our country? We haven't heard much about it. I haven't read much about it, and I am not certain if that is because we have eradicated it, the world community has, or if other things have grabbed the headlines.

Mr. Hawks. Actually, the Department had entered into a contract with Harvard to do a risk assessment on BSE, or mad cow disease, and we issued that report about a month to 6 weeks ago. The finding by the scientific community in a very, very detailed research project was that the risk of mad cow disease in this country was very minimal, and that even in the event that it was here and had been here, it would be stopped.

And there has recently been a GAO report that I am sure you are familiar with, that actually didn't look at it in depth like the scientific study did and had, maybe, some other conclusions that one could draw.

But it is our belief in the Department of Agriculture that the risk assessment that Harvard did--and they are well known for their ability to assess risk--says that there is a very minimal risk for mad cow disease in this country.

Mr. LaHood. What is happening in other countries?

Mr. Hawks. There are other countries that did not implement the same things that we did with feed bans, with various processes to mitigate for mad cow disease that are actually showing up. As you are familiar, I am sure, Japan recently had mad cow disease there. It is showing up in other countries as well.

But as I said, we feel that this country has a very minimal risk. We have actually strengthened and increased surveillance. As you are aware, the only way right now that we have to test for this is to test the brains of a dead animal.

We are increasing that surveillance. We are increasing the surveillance on farms. We are actually doubling our surveillance. I think we have done at least 500 now off of farms, and that is the highest risk that we have there.

There are a lot of issues involved in this, and when you start looking at it and start trying to mitigate all of these issues, you come up with other issues. So we have to be very careful on how we approach this, but we think the surveillance that we are doing for the most likely places is a good way to determine whether we do or don't have it.

But as I said, it is a very minimal risk, at best.

Mr. LaHood. Congratulations. This was obviously a hot topic a year or so ago, and obviously somebody has been doing a lot of good work at the Department.

Let me just go back to the issue that I raised before, Ms. Waterfield. And, Mr. Secretary, I will just make this point. You can respond to it if you want.

I think there are two issues here with this amendment. One is the policy; the other is the money. I mean, our committee has the responsibility for appropriating money, and I guess what I am wondering is--what do you need to look at is, if this becomes law, what does it mean in terms of your agency, in terms of inspection and the relationship that you have with the packers and with the livestock people?

I mean, this is a significant change in the way this kind of operation is carried out, the selling of livestock and the packers and so forth, and that is the issue that I want to raise--not only the policy part of it but the money part of it.

It looks to me like, in your budget, there hasn't been a dramatic increase in inspections at places where livestock are slaughtered, and so I really think you need to look at this from both points of view. The policy point of view which--as Mr. Boyd said, in my area it is the same.

There is a conflict, you know. People are trying to figure out if it really does make good sense in terms of policy, but in terms of your point of view, I think it is going to add additional cost. But--you know, you are smarter than I am about that, but I think you need to look at that.

Thank you, Mr. Chairman.

WILDLIFE SERVICES

Mr. Bonilla. Thank you, Mr. LaHood.

Mr. Acord, I want to talk about Wildlife Services for a second. That has always been an issue that is not only important to the country, but important to my area. I believe it was Mr. Butler that came in the other day and emphasized the point that this is not just a problem for rural areas. A lot of urban areas out there have problems with animals--for example birds getting in the way of planes at JFK Airport. Did you bring the picture of the coyote on the subway?

Mr. Hawks. I brought the picture.

Mr. Bonilla. That coyote on the subway, that famous picture will be used down the road, Mr. Hawks, when I am sure there will be another effort to try to cut this line item as we move this bill forward. Some people don't understand that this is not just a rural problem.

That coyote on the subway is a clear example of the problem. We will probably get it blown up, and no matter what subway they might think it is, we are going to tell them it was on their subway.

Mr. LaHood. Do you think that picture will be on the wall in this room, Mr. Chairman?

Mr. Bonilla. Well, I would like to honestly explore the possibility. If you can get that picture blown up, I would like to have that picture on this wall. Let us do that if it is possible.

Mr. Hawks. Mr. Chairman, I encourage you to do that, and we will take charge of getting it blown up for you.

Mr. Bonilla. I have a question on Wildlife Services and cooperators in different States paying their fair share of program costs. In our State of Texas, for example, we are funding nearly 50 percent more than the Federal Government's share of Wildlife Services, and we are glad to do that. We know it is important.

Understanding that the budget request is going to try to count on more of this in the future, my question is, how much of a reduction is there in the Wildlife Services request that reflects the move for cooperators to pick up a larger share of the program? Are the funds available in the budget request to match the Federal Government's share up to the level of the cooperator's share, Mr. Acord?

Mr. Acord. No, sir. They are not in terms of the last part of your question.

The budget request does, as you have suggested, contemplate the cooperators providing additional funds. There is about \$9 million--in terms of the reduction, that the cooperators would be expected to pick up.

The cooperative share that is paid by the States around the country is very, very uneven. Texas happens to be one of those great States that, has a very, very high cooperative share on the State side. There are others that don't have quite that high level, but we simply don't have the funds to equalize the cooperative cost share all across the country.

Mr. Bonilla. Well, that is something that we are going to have to work on--not just in my area, but we are going to have to work on that nationwide to make sure that these folks do have the resources they need to handle this problem.

Mr. Acord. Well, it is a program that while it does have some controversy associated with it, I don't think there is a group of men and women that work any harder in the government anywhere or that are more ingenious or more creative when it comes to finding solutions to difficult problems. And we have always appreciated your support for the Wildlife Services program.

Mr. Bonilla. I am honestly baffled year in and year out when some people do try to add controversy to this issue, because these are some of the most thoughtful, humane people behind these programs. They are carrying out the program for the right reasons and not for some of the reasons that people are just dreaming up in their heads to try to create controversy.

Mr. Boyd.

INVASIVE SPECIES

Mr. Boyd. Thank you, Mr. Chairman. I want to say to you all that I believe there is an increase in requests for salaries and expenses on the APHIS side which recognizes the whole problem we have with invasive pests. I know we got some money in the antiterrorism supplemental, and so I just want to tell you all that this member, and I am sure other members of the subcommittee also, want to be supportive and helpful.

We know that we starve you and expect you to get the job done at places like Miami and the other places around the country where we have this problem. I just wanted to compliment you for doing the best you could on the budget side and want to offer our support; and I really don't have a question.

Thank you, Mr. Chairman.

Mr. Bonilla. Thank you. Mr. Boyd, did you have anything further? Mr. LaHood?

Mr. LaHood. No, I don't.

Mr. Bonilla. My understanding is Ms. Kaptur is going to return with additional questions. She will be returning shortly, as well as Mrs. Emerson from Missouri who is trying to juggle a couple of things on the floor. We do expect a vote within about 6 or 7 minutes. If you all would be patient with us, we would appreciate that. Mr. Boyd?

Mr. Boyd. Mr. Chairman, do you want to fill time?

Mr. Bonilla. If you have questions, we would be delighted to hear them.

AERIAL OPERATIONS

Mr. Boyd. Something has come to my attention that--we have got these experts here, we can always find out good additional information.

But APHIS is involved in the safety of aerial operations, with the birds around the airports; does that make sense? Can you talk to me a little bit about that and what kind of problem that is. And I understand that several States ranked pretty high in bird strikes. And how many people do we have, and what kind of people do we need or resources do we need? How do we fight this problem?

Mr. Acord. There have always been problems with birds and airplanes in the same airspace. This is a growing problem, around the country. We started out probably with one of our first big programs at Kennedy Airport with gulls getting into the airspace in one particular runway. We have continued to work with the Air Line Pilots Association, with States, with State wildlife agencies, to find solutions to these problems, because oftentimes airports seem to be located near water. They seem to be located near landfills, or landfills are located near the airports because of the way the land use patterns are, and it creates an inherent problem.

One of the things we have tried to do is work with the airline industry to develop methods of control in and around airports, to do research on how the environment impacts the birds--what kind of birds does it attract, the height of the grass in and around the airport and other environmental factors that might influence the birds' presence in and around

airports.

Miami happens to be an airport that has a particular problem.

We are continuing to try to work with the airport authority in most of the situations where they request it in order to enter into a monitoring program and an assistance program where the birds can be scared or there can be other environmental modifications around an airport that would prevent the birds from wanting to congregate there.

Most of this work is funded by the airport authority; it is done cooperatively with them. The issue becomes the research and who funds the research, and we have received money from FAA.

We work cooperatively with FAA as well. We maintain the database for FAA on bird strikes.

But it is not just birds. It is other wildlife. In some cases, deer get into jet engines, and it doesn't take much imagination to figure out what happens there. So we work on all wildlife, not just birds.

Mr. Boyd. It sounds like cubed venison to me.

Okay. Is there anything we need to do? I mean, the only thing I can offer is that we have a lot of hunters at home. If you provide the planes----

Mr. Acord. In today's environment, anyone around an airport with a gun is going to have great difficulty. So that is why they are looking for someone with a security clearance to get on an airport to perform this work.

Mr. Boyd. Thank you, Mr. Acord.

Mr. Bonilla. Thank you, Mr. Boyd.

FEDERAL SEED PROGRAM

Mr. Hawks, the AMS Federal Seed Act program regulates agricultural and vegetable seed moving in interstate commerce. It prohibits false labeling in advertising of seed to ensure farmers and consumers can purchase the correct variety of seed. Seed shipments are sampled by State departments of agriculture and apparent violations of the act are sent to AMS for regulatory action. The Seed Act budget is \$1.3 million in 2002.

My question is directed to Mr. Yates. You are requesting \$1.1 million in increases for your Federal Seed Act program. If approved, this increase would almost double the size of the program.

Tell us why you are requesting such a significant change and what the benefits of that increase will be to agriculture in this country.

Mr. Yates. Thank you, Mr. Chairman. This is critically important.

Our seed program for the last 20 years has not had any additional appropriations. In fact, the appropriations have decreased over the last 20 years. And so we have not filled positions of people that have retired, and the equipment that we are operating with today is 20 years old--not only our seed testing equipment, but also our computer equipment that we use to track all of the violations and all of the certifications of seed. This is really important for agriculture, because we market 30 percent of the seed that we produce in the United

States in the international marketplace.

Another piece of this is that we have to have our seed lab accredited. Accreditation is critically important to where we are recognized in the international marketplace and where we have the ability to move our seed, as well as being able to work with our State partners and make sure that they are considered accredited also. That is the main reason that we have asked for this increase.

Mr. Bonilla. Folks, the bells have just gone off for a vote. We will take a 5-minute break and resume the hearing when we are able to return. Mrs. Emerson will likely be the first one to resume questioning.

We will take a very brief break, and we will be back with you.

Mr. Boyd, did you have--I am sorry. Did you have----

Mr. Boyd. Can I?

Mr. Bonilla. Absolutely.

BOLL WEEVIL

Mr. Boyd. Thank you. One of the programs that the chairman and this member both are interested in is the boll weevil eradication program, and I notice a significant decrease in the budget request.

Do we have good news there, that the reduction is because we don't have anymore boll weevils to eradicate, or the bad news is that we just are refusing to do it?

Mr. Hawks. Mr. Boyd, obviously being from Mississippi, the Boll Weevil Eradication Program is very important to me as well. The program has been very successful. We are moving into different phases of the program now. Actually, the cooperators are picking up more of the expense of that program, but as we move forward into the later phases of the program, there are actually less demands on that program.

Mr. Boyd. Thank you very much. It has been a very successful program. Thank you.

Mr. Bonilla. Thank you for bringing that up, Mr. Boyd. You are right, that is a very, very big deal for my State as well. At this time, we will take a few minutes break and we will return.

[Recess.]

DEBARKING

Mrs. Emerson [presiding]. I will reconvene the hearing. Thanks for being here. Sorry I missed the beginning of your testimony. I have an interesting question, and one that I am most concerned about. It has to do with hardwood debarking. It is my understanding that APHIS is going to be supporting the position of the wood products industry that would have the debarking requirement deleted from proposed International Plant Protection Commission wood packing regulations. Given the fact that I have 1.1 million acres of Mark Twain National Forest, and this is critical to my district and the thousands of individuals who are employed in the wood packing and related industries, plus my little bitty sawmill owners, I would like to hear about your support for this. Hopefully you support

this.

Mr. Hawks. Yes, ma'am. Ms. Emerson, we did meet last week with your constituents, I think last week or week before last, to have a discussion about that, and the fact is there are some proposals before the IPPC now. Actually Rich Dunkle, who is sitting right behind me, is our representative to that committee, and certainly he is working with his counterparts in both Mexico and Canada to try to have a unified voice toward that, and I can share with you people think that this guy must have done everything in the world.

But I am a former owner of one of those little sawmills as well, and not only an owner of the sawmill, I worked at that sawmill. So I certainly understand and appreciate your concerns there.

Mrs. Emerson. I hope it all works out, because the people who are really impacted in my district are those whose yearly incomes may be 7, 8, 9, \$10,000 maximum. To see their success pulled out from under them would be devastating. So I appreciate that.

CHRONIC WASTING DISEASE

Let me ask you another question that we are concerned about within the Missouri Department of Agriculture. It has to do with the potential for an outbreak of chronic wasting disease in captive elk herds, and I am told CWD is readily transmittable to deer. I would like to know what you all are doing to try to stop the spread of chronic wasting disease.

Mr. Hawks. I will answer that, and then I will turn to the real expert as well. We are in the process right now. We got emergency funding for the depopulation of those elk herds that have been diagnosed with chronic wasting disease that has been going on for probably about a month now. I personally got involved, as well as the Deputy Secretary in that process, because it concerns me as well.

And I think as you said that there is a possibility of it transmitting to white-tailed deer. So that is obviously something that I am very interested in and very concerned about, and I will ask Mr. Acord to give you more detail.

Mrs. Emerson. Thank you Mr. Hawks.

Mr. Acord. Ms. Emerson, as Mr. Hawks indicated, we have an emergency program underway to depopulate those farm-raised elk that have been found to have chronic wasting disease in those herds, and we have also taken out the remainder of the herd because of their having been exposed. The major focus of that program has been in Colorado, but as we begin to trace out other animals that have interacted with those herds, we expect to find others in other parts of the country.

We are working cooperatively with the State Departments of Wildlife to assist with the laboratory diagnosis of the samples that have been submitted from hunter harvest sampling. You probably are aware that just this week, there were three deer confirmed in Wisconsin as having chronic wasting disease.

It is a concern to us. We certainly want to make sure that we continue to focus on the farm-raised elk and deer, and that we continue to assist the States with the survey of the disease in the wild populations so that we have knowledge of the

distribution of the disease in the country. The work so far is concentrating on those farm-raised animals that are in Colorado, a herd in Oklahoma, and another in Nebraska.

Mrs. Emerson. Do you feel you have the necessary resources to do the job?

Mr. Acord. The difficulty right now is we do not know how big the job is. The more surveillance that we do, the more we are apt to find; we have the resources for the job that we now know about. We have the request in for an increase to deal with next year, but the more we learn, the more we may find.

Mrs. Emerson. I appreciate that. Thank you, Mr. Acord. My time is up, and I will yield to my colleague from Ohio.

Ms. Kaptur. I thank the Chairlady very much, and I wanted to just float an idea, Under Secretary Hawks, and see if you consider this within your purview at MRP. Though the food and nutrition service is not under your jurisdiction this year, we are being asked to appropriate over \$10\1/2\ billion for purchases of commodities that go into our school breakfast and lunch programs.

Under the AMFS, I think you have a request for about \$700 million for supplemental commodities that are brought for various reasons for market stability and that are incorporated into the school breakfast and lunch programs. But as you think about the concept of marketing, let me give you a specific situation from my own State, where I think the Department of Agriculture needs to help the States meet the farmers who could provide the food into the school breakfast and lunch programs. What has been happening is, in many places where we have farmers producing product, whether it is apples or beef or chickens, which could be made into Chicken McNuggets, the problem often is that the farmers are not organized in a manner to bid on the State contracts.

So in the State of Ohio, for example, the contract for the food programs comes through Department of Education, which really doesn't talk to the State Department of Agriculture and there is a misfire. I think that that probably happens in many places in the country. I had a group of farmers in my office yesterday. They were up here with the land grant institutions, and many of them were talking about what happens inside those cafeterias and how the kids do not eat the proper food. They are drinking pop, they are not drinking orange juice.

I had mothers in my office yesterday talking about how children are refusing orange juice in droves in Ohio because they do not know what it is. This is in the rural communities. This is not to say, that it is not going on in urban areas. This is out in the rural areas. What is happening to our children's diet? We know one of the big problems we face is obesity among our children, improper exercise and improper diet, and though you probably do not see this as your role, I would encourage you to look at that 10.5 billion dollars and see, perhaps, in a demonstration basis, with the nutrition service, how we can have farmers working with our local school systems providing that food.

Farmers are the best stewards we have. They understand the nutritional content of food and there is a huge divorce going on between the ways these State Departments of Education, whoever is buying the food and what happens with our local

agricultural communities.

So it is not a problem you can solve overnight, but really you need to have some discussions at the highest levels and you will find what USDA has been doing in this regard is very small.

Mr. Hawks. Thank you, Ms. Kaptur. You are exactly right, and we do have projects going on now that address that. I had a group in my office within the last few months and we were talking about this very situation, and I am going to turn to Mr. Yates to talk to you in depth, I think, about that, because he is much more familiar with it because it is operated out of his mission area, but I agree with you that we need to have that connection.

LOCAL FOOD PURCHASES

Mr. Yates. Thank you. It is an important piece which we have been working on, and you may be correct that we could do more and do a better job because it is critically important to small farmers that they have the ability and the opportunity to market their product where everybody else markets it. We have had a number of programs going on that are working with local communities and with school districts and educating them that there is product at home. You can buy it here.

And so we will take your suggestions seriously and look into what we can do to improve the fate of the small farmer, being able to move their product into the purchases that are made and into this pot of money that is there to buy agricultural products.

Ms. Kaptur. In some cases, processing is needed.

Mr. Yates. That is correct.

Ms. Kaptur. In other cases, for instance, in Ohio, Congressman Hall came to me a few years ago. There was a problem because the school systems in Ohio, the Department of Education in Ohio, wouldn't buy apples from Ohio apple producers because somebody had written some contract that the kids would only eat applesauce and not fresh apples or some ridiculous thing, and we had to get into that. I thought this is unbelievable.

The whole system fights against working with our local farmers and welcoming them into the supply chain and making it easy. I do not understand what is going on there, but it is pretty serious when you have got \$10\1/2\ billion out there. That is a significant segment of the market and we need to connect our farmers to that.

I just might mention, and I know this round is up, but that in two other programs, the women, infants and children farmer markets program and senior farmer market nutrition programs, there are no funds provided in the administration's budget. I mentioned this to the Secretary, and I do not appreciate that because I am a big advocate of those programs. But I can tell you they are not only good for the recipients and the buyers, but they are superb for farmers because it is direct cash income into their operations. There is a fault line in agriculture between the really big producers and between the smaller and medium-sized producers. For the smaller and medium producers, this is the difference between making it into the

next fiscal year and not.

I just, again, would draw your attention to those programs because they really do directly provide income to farmers who cannot find their way to the shelf at the way the grocery industry is structured today.

So, again, those are programs that I am just rising to raise consciousness here with every single top level person who comes before us. They really do help farmers survive. Their operation survive in communities like mine, and we have lost so many. We have the last generation of farmers out there. I am talking to the kids and I am concerned about what our communities are going to look like 40 years from now, and so I want to use every tool at the Department of Agriculture to help these folks survive and thrive.

Mr. Yates. I appreciate that. I oversaw the farmers market WIC program in California, so I understand what it can do, not only for farmers, but also for the people who need help. It is a very successful program, and we will certainly take your comments to heart and look at this to see if we can find a way that we can improve small agriculture out there.

Ms. Kaptur. Thank you.

ANIMAL WELFARE ACT

Mrs. Emerson. Mr. Hawks, you are new to this job but some of the proposals in your budget request are not. Your testimony indicates that legislation will be submitted to recover about \$34 million more in user fees to recover the cost of new license fees in the packers and stockyards administration, additional license fees for facilities regulated under the Animal Welfare Act, and additional grain inspection fees for grain standards.

Obviously, we here in Congress would need time to review the proposal, hold hearings, pass legislation in both bodies, and then conference before a bill could be signed into law. Has this legislation been drafted yet, or if not, when do you plan on submitting it to Congress?

Mr. Hawks. I actually do not know whether the legislation has been drafted. JoAnn, can you address that, or Stephen?

LICENSING FEES

Ms. Waterfield. The legislation for packers and stockyards licensing fees has been drafted. It is in the clearance process in the Department.

Mrs. Emerson. That portion of it has been drafted and then it will be submitted to the agriculture committee?

Ms. Waterfield. Yes.

Mrs. Emerson. Okay. Do you have any sense on the timing for the other pieces?

Mr. Dewhurst. The other is the Animal and Plant Health Inspection Service. I think the status is the same. I think the legislation has been drafted. It is working its way through the process.

Mrs. Emerson. As well as additional grain and inspection fees for grain standards?

Ms. Waterfield. My understanding is the legislation for the

grain standards has already been submitted.

Mrs. Emerson. Okay. I appreciate that. Thank you very much. It is important for us to look over that if we want to get it done in a fairly rapid way. You know how the process up here works. It can take a bit of time.

Let me direct the next question to you, Ms. Waterfield. Your budget request includes a total of about \$3.4 million for various information technology and biotechnology initiatives that would enhance GIPSA's capabilities to conduct its work.

This represents almost half of your total increase. Can you tell the committee how these technological enhancements would improve your work product and how American agriculture would also benefit?

E-COMMERCE

Ms. Waterfield. The majority of the increases that you just mentioned are for e-commerce. It is to increase our ability to communicate with the constituents that we serve. Right now, the majority of the work that we do is done with a traditional paper trail. What we want to do is increase our ability to move the information that we have electronically on both sides of our house, both with the grain work that we do and with the work that we do in the livestock and packing industries. Most of the people that we serve and regulate have capabilities to communicate with us electronically. Unfortunately, we do not have the capabilities to communicate with them electronically. What we do have right now is a simple Web site. What we need to have is the ability to give and receive information electronically.

On the grain side, we are just starting to have the ability to transmit documents from multiple sites. So like documents that will facilitate the shipment of grain from multiple sites all the way to the ship, we want to increase our ability to do that.

On the packers and stockyard side, we have annual reports that we collect. We have postings that we do with stockyards. We have all kinds of information that we move back and forth. We have investigators stationed throughout the country that are constantly out in packing houses, and auction markets. We need to be able to move information to them immediately, so they have instant access, and the only way that we can do that is to upgrade our computer systems, and this is going to take a substantial amount of funding.

On the biotech side we need \$450,000 in order to update and keep our new facility in Kansas City up to date so that we can provide testing on lab kits and proficiency testing for laboratories that the industry uses to provide services to itself.

Mrs. Emerson. How long you think it will take, at least on the packers and stockyards part, to get your upgrades or enhancements completed?

Ms. Waterfield. The time line right now is to complete most of those by the end of fiscal year 2003, I think, but it is an ongoing process, so we do the best that we can with the current funding that we have.

Mrs. Emerson. Is the system really pretty obsolete at this

point in time?

Ms. Waterfield. We have some national databases. We have three regional offices. Some of those databases are local. What happens with some of them is that they have to send it overnight. So we have a national database in DC, with local databases in the regional offices, so it is very cumbersome. What is most difficult is that we have resident agents in 38 different locations, and it takes them a long time to get information from the computers.

They have to call back to our offices, which means that we have to keep our offices staffed with people able to give them information, which means that we cannot send those people out to do investigations. And as you know, we have less than 200 people to police a huge industry, so we do the best we can with limited resources.

Mrs. Emerson. But you feel pretty confident that the plan you all have put together will solve the challenges that you presently have?

Ms. Waterfield. Yes. One of the things that GIPSA did this year was to consolidate our information technology staff on the grain side and the packer side to make the best use of the resources we have. We are constantly looking for ways to increase our efficiency.

Mrs. Emerson. I wish you the best of luck. I yield back to Ms. Kaptur.

Ms. Kaptur. Thank you very much. I would like to continue on the AMS front here. I understand that the Department of Agriculture currently holds about 900 million pounds of nonfat dry milk as a part of its price support operations, which is about a 2-year supply or 2 years' production of milk, and I know it costs something to maintain that. I wonder if someone in the audience might be able to give us that number; but my real question is, does the Department, if you are anticipating further acquisition of such product, have the ability to contract with processors to get the milk in another form such as nonfat cheese, for example, or low fat cheese, that we could use in our food assistance programs?

Mr. Hawks. I personally do not feel that comfortable answering this question because that is clearly one that is handled by the Farm and Foreign Agricultural Services. They handle the price support end of it. We are not involved with that, but I think Mr. Dewhurst would probably be the appropriate person to address that.

Mr. Dewhurst. Well, you are right. We have a huge supply of nonfat dry milk in storage in Kansas City. I did not bring that number, but I can certainly provide it for the record, but we have large amounts of nonfat dry milk and sugar.

[The information follows:]

CCC COMMODITY INVENTORY NONFAT DRY MILK AND SUGAR--March 1, 2002
(Millions of pounds)

Commodity	Amount
Nonfat dry milk.....	914.7
Refined sugar.....	181.1
Raw cane sugar.....	588.2

Ms. Kaptur. You are saying that from a departmental standpoint, the people doing this are not thinking about what you all think about in terms of marketing, and so we have got to look at this one right, and one thing I do know the kids eat in the school is cheese on pizza, they will eat that, and it just seems to me it would be very interesting to see what that storage number is.

FOOD PURCHASES AND THE SMALL FARMER

Similarly let me ask, I believe you purchase 683 million pounds of fruits and vegetables for the food assistance programs at a cost of about \$340 million. My questions really are, if anyone could enlighten us on where you buy, whether it is from commodity brokers, wholesalers and how the individual farmers fit into this purchase process.

Mr. Yates. Once we decide by analysis that there is some agricultural entity with an oversupply, an economic problem, we then go out to publish that need for bids, and so everyone who is in that commodity has the opportunity to bid on that, providing it meets the specifications. So those bids come forward and we select the lowest bid for the commodity. I don't know if that totally answers your question.

Ms. Kaptur. Well, I am very curious, administrator Yates, in terms of how do individual farmers learn about these, and do they bid and what does the history show. Maybe you could provide this to the record. Are we basically getting commodity brokers or are we getting wholesalers? Are we getting individual farmers to bid into this? I don't know at what quantity you ask a supplier to provide you product, but again, this is an income stream that is out there for our farmers. My question is how much of it is actually getting to them directly as opposed to indirectly?

Mr. Yates. When we put out a bid, there will be multiple cities that this product is going to be supplied to, and so each location has to be individually bid. Most of these bids, I will grant you, come from maybe a packing house where you will have multiple growers that supply this packing house. So it does get down to smaller growers through this larger packing house, but if you are taking most of the meat purchases, these are rather large purchases, and so it basically has to be a rather large company. We do deal with minority purchasers and try to help them through this process and be able to be a part of it.

The small farmer issue--I think that most of that is done through cooperatives and bids that would come from a packer or a middleman that deals with their product.

Ms. Kaptur. Is there a minimum volume limit that is established in the contract?

Mr. Yates. I would be glad to check on that. I don't know that answer right offhand.

[The information follows:]

The minimum volume purchased is a truckload quantity--generally 36,000-48,000 pounds. AMS normally does not buy

directly from farmers because most commodities are at least minimally processed to meet recipient requests. For example, the program buys large quantities of ground beef and canned vegetables. While the majority of purchases are from businesses that pack and process commodities, many of these firms procure raw materials from independent small farmers. For example, while we purchase poultry products from some of the largest poultry processing firms in the country, small farmers provide the chickens to the processor. In addition, during fiscal year 2001, approximately 50 percent of AMS purchases were from small businesses.

Ms. Kaptur. Let me use one example. I am just trying to illustrate a point here because of the situation facing so many of our producers both on the livestock side and specialty crops and so forth, but just on livestock, in my part of the country, now we do not have the big feed lots like they do in the West, but the life of an individual beef producer cattleman in northwest Ohio is totally controlled by IBP over in Indiana, for the most part, and they can choose to welcome them that day or not because we do not have processing capability, and if they drive their animals across the State line and they try to get them slaughtered and they say sorry, we just closed the door, they have to drive them back, and they cannot get their product on the shelf of the local supermarket because the supermarkets tend to follow the same pattern of buying from the big processor.

We are having a really giant struggle to try to find a way to bring really quality beef to the market because the processing capabilities are there no longer and this is happening across our country. We are not the only place that this happens, and so we have very good product raised by our individual companies, and so my question to you, I am looking for other ways to move to product into the market to help these people survive.

They have got to meet the quality, they have got to meet the price and all the rest which they can do, but I have just seen the system move to a point where we have these large processing facilities that control so much, and they basically shut out individual producers.

If there are co-ops, I know they exist in some parts of the country, that is one way up the chain, but Ohio, we haven't followed the co-op route as much. We are much more into small enterprise individual enterprise, and I am looking for ways to help those folks bid on product.

So that is kind of where I am coming from. So whether it is fruit and vegetables, whether it is meat, whether it is milk, whatever, we will ask several questions for the record so we can see what is happening. It doesn't hurt us to look at what is happening out there in the system and then ask some questions about small and medium size enterprise and minority enterprise.

Women are moving into many of these specialty crop areas. How do we get them information so at least they can think about how to bid?

Mr. Yates. One of the interesting things I am very familiar with, and I was in the cattle business for 20 years myself, so

I understand the issue you raise, but in the local area where I live in California, it is the center of the raisin industry for the United States, and the average raisin grower in the Nation is 30 acres. All of them happen to be right there within a 50-mile radius of Fresno. So the average size is 30 acres, and we have bought numerous product in the last number of years, including some this year, through a packer that concentrates this product to prepare it for shipment. The small grower in that instance is benefiting greatly from the ability to move product through the school lunch program and the EFE program.

Ms. Kaptur. Well, I have to say that I am considering some type of small farmer producer set aside. I want to see what the numbers show us, though, and we will submit more questions to the record on it. Thank you for thinking with us on this.

Mr. Yates. I appreciate that.

[The information follows:]

During fiscal year 2001, AMS spent more than \$1 billion on commodities. Of that amount, approximately 50 percent was awarded to small businesses, with firms participating in the Small Business Administration's 8(a) Program receiving 6 percent and Women-owned and Historically Under-utilized Business Zone businesses receiving almost 1 percent each.

Ms. Kaptur. My time is up.

Mr. Bonilla [presiding]. Ms. Kaptur, if you have additional questions, you may proceed. My understanding is that there no other members have any remaining questions.

Ms. Kaptur. All right. Thank you, Mr. Chairman, very much. I am trying not to make it too long here.

We have several questions for the record, but let me ask you, Under Secretary Hawks, what role do you see yourself having in the marketing of biofuels? Here we are engaged in Enduring Freedom, this long and protracted effort, and our politics, in my opinion, totally tied to, unfortunately, the acquisition of oil from very undemocratic places in the world, a half of our trade deficit now centered in the import of oil from such democratic places, put that in quotes, as Saudi Arabia and Kuwait and the United Arab Emirates, even Iraq, which is such a dilemma, isn't it?

I am just such, I am almost a zealot in the area of soy diesel and ethanol and any kind of cellulosic biofuel that we could produce. What do you see your role in helping this industry grow and prosper in our country in providing new income streams to our farmers?

Mr. Hawks. In the position that I hold here, Under Secretary for Marketing and Regulatory Programs, and it is somewhat limited, but the tremendous asset that we have here and an opportunity that I see for us is within our market promotion and research programs that we oversee within AMS. We can work with those commodity organizations there to try to facilitate the development and expansion of areas like ethanol, like biodiesel, where a lot of research has been done within those market promotion programs. But then it would become a wider discussion, I think, within USDA, and it would probably be more appropriate to address with rural development.

I can see rural development having tremendous opportunities

there as well, and if it is a broad overarching question, then it goes to a governmentwide question, I would say, with the Department of Energy in conjunction with USDA. There are a lot of discussions going on, a lot of things going on, and where Mr. Dewhurst has the overall perspective from the Department of Agriculture, he very well may want to address some of these.

Mr. Dewhurst. I think in the previous hearing we talked about providing you all with some crosscuts of the issue areas, and biofuels is one of them. We have some numbers and description that we will lay out for you showing what our various agencies do in that area.

With regards to biofuels in the Department, there is work done at ARS and the CSREES in the form of research. There is a program in the CCC that subsidizes ethanol production. There is some work in the Forest Service and a number of other agencies, all overseen by a structure in the Department that looks at the question of energy policy and biofuels. So we will provide you with that information and be glad to.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Ms. Kaptur. I really think you have the keys to the kingdom. We have the keys to the kingdom. Now we just have to enlighten others.

The Department of Energy historically, this is nothing against them, but I mean, they grew out of the nuclear industry so you have a very heavy prejudice there and weight of opinion of the side of nuclear. Those that like nuclear, so be it, but I am sort of in the renewables arena and what we can do.

There is just a great article I talked about last night on floor of Congress written by Senator Lugar and the former CIA director, James Woolsey that was published in foreign affairs in late 1999 called The New Petroleum, and it talked about cellulosic biofuels, and I would just refer it to you just as truly pleasure reading and a view of the future. I would love to find a way to put a soy diesel pump or biofuel pump over at the USDA the same way we did farmers market and let people think a little bit about this, enlighten the American people.

This should be part of that exhibit at the Smithsonian. This is the future for us and you have the collection capabilities, you have the research capabilities, you have the marketing capabilities, and within USDA, we need to ratchet it up a bit, and I think every single person there has a responsibility in helping to crystallize this for the American people, and frankly for us, so we can be more helpful in building a new future.

Christine Todd Whitman just said this morning on C-SPAN that she drives an EP vehicle, ethanol powered vehicle. Just to tell you how seriously deficient we are in unlocking the keys to the kingdom, we had the head of the Forest Service up here the other day in our CS, and I said you have one of the largest fleets in the country. What percent of your vehicles are powered by biofuels? They are unconscious. They are not thinking about it. It isn't part of their mission, and so even

within the Department we have a job to do. Enough said on that one.

IMPORTS

I wanted to go to APHIS if I might and just observe that in the budget submission you have made to us there is increase in appropriated dollars to deal with many of the pests and problems we are having due largely to imports, and I have said this at other meetings, but I am going to say it again, and that is a huge international legal question, who is really responsible for paying the costs of infestation that affects our food system?

If one takes the Asian long-horned beetle, for example, knowing its origin, why should I be asked to use taxpayer dollars sent here by people from my community and Congressman Bonilla's community when they did not cause the problem? They are the victim. The cities of Chicago and New York are the victims of infestation that has come from offshore.

We have talked to the Secretary about the international trade agreements that we sign and some of the international forums in which she would appear. I really do not think the answer to this is more appropriations. That is a short-term emergency answer perhaps but long term, the cost of this is phenomenal, just on citrus canker and Asian long-horn beetle, the remediation.

I know you have presented a traditional request to us, but as you think about this problem, it is massive, and it is taking other resources we need for other purposes, and I really think that the Department ought to consult with groups like the World Logging Institute to deal with torts and liability at a much higher level, because we are not going to be able to afford this, at least what we are going to have to take money from to pay for it, and I just wonder, Mr. Acord, as you think about the rising costs of the APHIS budget, if we look at the last 5 years, for example, what are some of your thoughts in this regard? Are you just going to continue coming to us to take taxpayer dollars directly appropriated to try to remediate? Is this how we are going to solve this problem, in your opinion?

Mr. Acord. Well, philosophically, I would agree with you that we ought to try to find someone to send the bill to, if you will. The reality is where are we going to find that person or that country, the practicality, just the pragmatic issues of trying to do that and then trying to collect. Our legal counsel tells us that they do not believe that currently it is legal to do that or that we could find a way to do it, in spite of whether we would like to do it or not.

The other side of that coin is that we may be getting bills from others. While we believe that we are clean in our exports and we are not exporting disease, you certainly have to face the possibility that that could happen because we do have some diseases here that we could get the bill for through some accidental introduction to some other country in the world.

The reality is that we have to find new and creative ways to deal with these pests. We have to find them sooner. We have to react to them sooner before they become the kind of problem

that citrus canker has been, or that some of the others have been. Frankly, we found the Asian long-horn beetle soon enough to where it did not become perhaps the national problem that it could have been.

The focus needs to be on the early detection and rapid response to these kinds of pest problems that we keep the costs down, keep the spread down, and minimize the impact that they potentially can have in the U.S.

Ms. Kaptur. I thank you for your comments, and I would just observe that yesterday or early this week, the President made a decision on the steel industry, and whether one agrees with the decision or not, there is a method of assessing damage and responsibility, and it is very important in the behavior of countries and companies to have a regular order in the global marketplace and rules that are understood, and I think that we are in the environmental arena, and I would classify this in the environmental arena. We need the same regimen, and if the United States does something to harm another country, you know what, I think we should be responsible, and I think that exacts a discipline on our own people.

And so in this important area, I would appreciate, Mr. Acord, if you would think about this conversation a little bit, and if there are additional resources we could provide you to produce the kind of analysis that would lead us to a different future on this environmental front rather than just keep absorbing these costs through discretionary spending, I think we really need that. That report could include the rising costs that we have been asked to pay over the last several years, but it seems to me that we have to go beyond what your general counsel says is what the law allows.

This is the problem. The law needs to be broadened because of the increased volumes of trade that the world is now experiencing. We have to find remedies to assess responsibility where harm has been done and we are the largest importing Nation in the world. I mean, we take more in here I think than any other country, and so we are more likely to be harmed, and I just would urge you not to be bound by the status quo, but to help us deal with the rising costs that you are bringing to us in a more future-oriented manner. At least give us some options, and if you need help in hiring the people to help think that through, please let us know.

Mr. Acord. Thank you. We will take your advice seriously, and I believe the economic research service has been requested to do a study, or they have a request in this year's budget to do a study on the cost of invasive species and where we should be spending our resources, and we certainly look forward to that report.

SCREW WORM

Ms. Kaptur. Okay. I wanted to just turn for a second the Chiapas facility. About 2 years ago, there was to have been a meeting to talk about the reuse of that facility in a very key area of southwest Mexico, and where there has been a lot of, I am sure you are aware indigenous unrest, and our government had been operating that facility for a very good biological purpose to eliminate, I think it was either screw worm or med fly.

Mr. Acord. Screw worm.

Ms. Kaptur. That is what I thought, and we had asked a prior administration to make a proposal to us that if we were going to diminish that facility and discontinue the activities that were ongoing, what recommendations we might have to turn it into a research station or a place where tropical fruits, for example, could be either researched or propagated working with the local people, but we never did get an answer back on that.

Mr. Hawks. I will answer.

Ms. Kaptur. All right. Secretary.

Mr. Hawks. I was not here 2 years ago or even a year ago, but I can share with you what has transpired since my coming to USDA. We have completely, with our partners in that project, the Mexican government, and the Screwworm Commission, have reevaluated that situation. It is our intent now for that facility to stay open, and I have actually signed a decision memo to that effect. So it is actually a state-of-the-art plant. There have been a lot of upgrades there. There is a tremendous need for that facility there. There is also a need for an additional facility farther south, but the answer to the question is that that facility will be staying open, and I think the chairman has a certain interest in screwworms as well, and so we will assure you that that facility will be maintained.

Ms. Kaptur. Thank you for that very clear answer. Will it be performing its current function?

Mr. Hawks. Yes, ma'am. There is a continued need for that facility to produce the sterile flies there, and so it will remain open.

Ms. Kaptur. I know that it was a huge employer in that area.

Mr. Hawks. Yes, ma'am.

Ms. Kaptur. And that was a very sensitive issue, and we had urged prior Secretaries to talk to AID and other instrumentalities of our government to do something, maybe working in cooperation with CSREES. They could raise coffee, they could raise tropical income. They basically need income. These are subsistence people. So I thank you for your attention to that, and if there is anyway we can broaden the purpose of that in conjunction with some of the other programs we operate, either through USDA or other instrumentalities of our government, I would appreciate the recommendations.

I wanted to just shift, if I could very quickly, to the Packers and Stockyards Administration, and the testimony submitted indicates there were 124 callers who contacted your hotline last year to report concerns. Can you give us a little feel for the nature of those calls and what it is that is being reported to the Department?

GIPSA HOTLINE CALLS

Ms. Waterfield. Those would just be the hotline calls. We receive hundreds of calls to our field offices. So that is actually just a hotline that allows people to call anonymously. It is important to realize that we receive calls every day throughout the year in each of our field offices, and we

respond to every call that we receive. Last year we performed more than 1,600 investigations, and as a result of those investigations and the work that we performed, we returned more to the industry than the amount of money that Congress appropriated to our programs. I would have to get back with you on the nature of the calls that we received and the breakdown of the types of complaints that we received.

Ms. Kaptur. Give us a sense of what happens there with the hotline call. Do people call with a concern about a given facility?

Ms. Waterfield. Sure. Our complaints on the hotline range anywhere from a call about the Johnson amendment to a specific packer, to a poultry grower complaining about his or her contract, to a complaint about territorial allocation, to someone calling to say that she did not get paid for a cow that went through a sale barn. So they range anywhere from a particular transaction to conditions in the marketplace.

Ms. Kaptur. Well, we will ask some questions to the record on the nature of the calls and the types of complaints. That gives us information that we need here as well----

Ms. Waterfield. Okay.

Ms. Kaptur [continuing]. To give a sense of what is happening in the country. I know that we have been joined by Mr. Nethercutt, and I have some additional questions on GIPSA, but I will hold them, Mr. Chairman, if you would like to call on Mr. Nethercutt.

Mr. Bonilla. Thank you, Ms. Kaptur. We have a lot of members of the Agriculture Subcommittee juggling several hearings this morning. We welcome Mr. Nethercutt who has been bouncing between hearings and the House floor as well. Welcome, Mr. Nethercutt.

ANIMAL WELFARE ACT

Mr. Nethercutt. Thank you, Mr. Chairman. You are right, Defense and Interior, and now here. I appreciate your patience.

Mr. Chairman I welcome all the witnesses. You may have known that I and many others in the Congress are concerned about the issue of security of our research facilities that are funded by agriculture research dollars from what I call domestic terrorist groups, like Earth Liberation Front, and the Animal Liberation Front. These groups get information off Web sites about researchers and research through the Freedom of Information Act, and then use that information to do damage. I think it is outrageous, and I do have legislation that addresses this issue and tries to solve that problem.

Secretary Hawks, we did send you a letter on February 8, 2002. You probably haven't had a chance to even look at it yet, but in that letter, we encouraged APHIS to work with the research community to evaluate the problem I will call overexposure. I am informed that some of the material has been taken off the web, and that is positive. I know there are legal issues to review regarding security in the Freedom of Information Act and so forth, but I know also that the older American Welfare Act or Animal Welfare Act inspections are still available. I think they ought to be looked at very carefully as well.

Maybe you have some comments about how we might think through this whole issue of security from these kinds of organizations that really are terrorist in nature. The FBI says ELF & ALF are the number one domestic terrorist group in the country. I think we should consider whether we might insulate some of this information from Freedom of Information Act requests. I know it is a sensitive area, and I support FOIA, but I do think we need to be careful about this as it relates to researchers and research dollars. So maybe you have some thoughts.

Mr. Hawks. Yes, thank you, Mr. Nethercutt. I share your views and your beliefs. It doesn't matter whether a terrorist is homegrown or imported, they are still a terrorist, and we have been evaluating the types of information that is on Web sites, the information that is readily available. And you are correct, some of the things have certainly been changed that are being put up. It is a sensitive nature with the FOIA. There have been some changes made there in animal care as well on E-FOIAs, and so we are evaluating that. I share your concerns.

I share your interest there. We will continue also departmentwide evaluating all of our security issues there. We have had some external contractors look at some of our facilities to help us try to discover ways to prevent the terrorist activities that potentially could be there. So we are working on this issue.

Mr. Nethercutt. Well, that is great. I hear a lot, from researchers all across this country, not just ag researchers, but private researchers. I have a brand new health sciences facility in my district. The universities there collaborated and put the money up. They are worried about people coming in and burning them down. Really, I think forewarned is forearmed. I think we need to be sure these places are protected.

WOLF ACTIVITIES

Mr. Acord, I know that APHIS conducts livestock protection activities for resource owners around the country in cooperation with private and government agencies, and I see that you mention wolf capture and relocation activities in your testimony. A couple of years ago, I asked a question regarding the cost of the wolf program and whether the Department of Interior, which manages that program, is paying for its fair share of the control cost. Can you tell us what the relationship is there, whether your budget is benefited by the fact that Interior's helping on this?

Mr. Acord. Mr. Nethercutt, thank you for your question. I think you can see from our appropriation request that we obviously have a deep interest in wolf control. We are certainly providing all the control for protecting livestock and the movement of or the relocation of wolves. Interior does not fund any of that activity. It all comes out of the wildlife services appropriation.

Mr. Nethercutt. Given that, it seems to me we have got a lot of pressure on ag programs. I am on the Interior Appropriations Subcommittee too, so I will ask Secretary Norton in due course, about this issue. It is their program, as I understand it, and I have questions about it.

I think my memory is that we had testimony a few years ago, that the cost of reintroduction of 15 wolves into my part of the country was \$6 million. That seems excessive to me, but in any event, it is costing you money, and I think money is at a premium these days for all that you need to do and want to do.

Mr. Acord. Mr. Nethercutt, the cost of reintroduction is not nearly as expensive as the cost of staying, and that is what we deal with, the cost of the presence of the wolves when it comes to their depredation on livestock. That is an expense often overlooked in the reintroduction program, and it is something that needs to be considered.

Mr. Nethercutt. Thank you, Mr. Chairman. Thank you all for your testimony.

Mr. Bonilla. Thank you, Mr. Nethercutt. I have a comment on your point about the agri-terrorism issue. That is a very important issue. These people, in my view, are terrorists because they have no regard for human life. They will destroy anything just to make a statement. I want to applaud you for your work on this issue. I know last year we had a discussion about possibly putting something in our bill for this cause. However, last year, members of this subcommittee were extremely cooperative in getting the bill done. We did not put any authorizing language of this nature in the bill. I have to tell you, if I had to pick one issue this year, that would be the one we would put in this year's bill.

Mr. Nethercutt. Well, it is a new year. We will keep talking.

Mr. Bonilla. We want another clean bill this year, but seriously, George, that is a very, very important issue that I fully support. I hope we can get that done somehow. Thank you.

Ms. Kaptur.

Ms. Kaptur. Thanks, Mr. Chairman, I have got my last round, and I wanted to go back to GIPSA if I could, the packers and stockyards, and I have many questions for the record, but I wanted to ask you if your agency receives complaints regarding the poultry industry in this country.

POULTRY INDUSTRY COMPLAINTS

Ms. Waterfield. Yes, ma'am. In fact our Atlanta office is our office that specializes in the poultry industry.

Ms. Kaptur. Oh. Could you tell us a little bit about what the nature of those complaints might be? Can they be categorized? Is there a way to describe them? Do they receive more complaints than maybe other industries?

Ms. Waterfield. Primarily, the nature of the complaints is that growers in the chicken industry are complaining about unfair treatment from their integrators under contract terms, and the vast majority of the time when we go out to investigate, we find that we can either resolve the complaints informally, meaning that the integrators will come into compliance with the contract terms or the complaints are not valid.

Ms. Kaptur. I tell you, I was very surprised too; I went up to Delmarva Peninsula a couple of years ago, and walked through many of those farms and operations and met with some of the large processing companies then, and one of the impressions I

took away with me from that trip, at that point, how the farmers had signed contracts that they really did not, they did not protect their own interests, and they were being asked to do things, and that started us off on this cause of trying to get USDA to put up on the Web a sample contracting site, which then USDA said they could not do, and I said, well, do not put up a specific contract, put up some samples of what the questions farmers should ask before they sign.

Ultimately, USDA was helpful there, but I found great lack of information in the agriculture community on contracting and I was actually surprised because I had never experienced that before.

One specific experience, I had one farmer I pointed out a manure pile because of the pollution in Chesapeake. Oh, Congresswoman, he thought I was going to cite him or something, he said we are going to get rid of that, we are going to get rid of all that, and the company is going to haul it away. I said haul it away? I said, sir, that is the one thing I know you own on this operation and you should actually sell that. That wasn't in the contract. I mean, I just could not believe some of what I learned.

Then I went to one of the processing firms, and during lunchtime, one of the executives showed me a bottle where they had pelletized manure, and what a growth market that was for them and all, and I just had this experience with this farmer and then having the experience with the company. I thought something is missing, and so I appreciate the Department's support of our measure H.R. 231, to provide you with administrative authority to investigate, and I know Mrs. Emerson is a cosponsor with me.

Ms. Waterfield. And Congresswoman, we are dramatically increasing our outreach to producers and growers, particularly in the poultry industry. Last fiscal year, we had about 20 poultry town hall meetings specifically geared at growers to make sure that they understood the protections afforded them by the Packers and Stockyards Act, and we are trying each year to reach out further to growers to make sure that they understand that we are there and that they are one of the intended beneficiaries of the Act, even as the Act is written now.

So we are trying to increase our efforts to reach them and to make sure that they understand what the Act does do, and AMS has led the effort within the Department to provide more information on contracting and what producers and growers should look for in contracts.

Ms. Kaptur. Is there a simple way for you to describe to me what you can do with a complaint about bad practices in the livestock industry versus the situation you face in the poultry industry and what your powers are?

Ms. Waterfield. In the poultry industry, our jurisdiction is limited to live poultry dealers and to any growing arrangements where poultry is grown for the purpose of slaughter. And as you know, the poultry industry is pretty much vertically integrated, which means that most growing of any kind of poultry is done under contract which would include any kind of eggs or hens, anything like that.

The problem is that there is a huge misconception about our jurisdiction. We do not have jurisdiction over any kind of

contracts for egg layers, for example, because those contracts are not done for the purpose of slaughter. Those contracts are done for the purpose of laying eggs. So even though the contracts are in place until the hens are spent and go off to slaughter, the purpose of those contracts is for the hens to lay eggs. We do not have jurisdiction over those and our jurisdiction is very limited, to only those contracts over growing arrangements for the purpose of slaughter.

Ms. Kaptur. Who does have jurisdiction over?

Ms. Waterfield. No one. That would fall to State law and contract law.

Ms. Kaptur. You know what is interesting about that, in my State, we have one company that produces 2.6 billion eggs a year and they have refused to comply with eight contempt of court citations by our State Attorney General. I don't know if you have been involved in cases that have reached the point of having contempt in the livestock industry. Do you know of any where eight have been rejected by the company or not responded to, ignored?

Ms. Waterfield. We have had several. There have been three or four, and generally in the livestock industry when that happens, usually because we are working through the Department of Justice at that point in time, we are able to get the person incarcerated.

Ms. Kaptur. Okay.

Ms. Waterfield. So one of the contrasting differences is that in the livestock industry we have civil penalty authority. Our jurisdiction is broader. We don't rely on State law. It is a Federal law. When we have a case involving contempt, if the Secretary were to take it to the Department of Justice, then it goes to Federal court. The Federal court judge then takes it more seriously. After several contempt instances, there is usually a probationary period and then incarceration. So what we find is that when we have a problem with violation of the law, we are taken more seriously, and so that is why we have supported your efforts to expand our authority.

Plus, as we have just discussed from your reaction, I can tell there is a lot of confusion about what our authority is in the poultry industry. So we are constantly trying to explain to folks in the poultry industry that, I am sorry, we do not have jurisdiction over your contract because your contract is to produce eggs. It is not a contract to grow for the purposes of slaughter, and people do not understand that.

So for lots of different reasons we would like to see our jurisdiction expanded.

Ms. Kaptur. If there were to be a Federal agency responsible for oversight on the egg-laying aspect, would that be FDA, if the law permitted it, it wouldn't be your agency, you are saying, because you say you are only involved in slaughter?

Ms. Waterfield. No.

Ms. Kaptur. I know that, but if one were to think about who should be the logical instrumentality?

Ms. Waterfield. It would probably be us, because the idea is to police unfair practices between the person growing or handling the chickens and the integrator or the processor. So you are basically overseeing the contract, which is we are

overseeing the practices between the two parties, which is basically what we do in the other types of contracts that we are looking at. We are policing that industry for unfair practices in any other type of situation, so the contract specifies how the parties are to relate to one another. We just go in and make sure the contract terms are being applied fairly and uniformly.

Ms. Kaptur. I thank you very much. It has been an enlightening discussion, and thank you, Mr. Chairman.

Mr. Bonilla. Thank you, Ms. Kaptur. Mr. Goode has just joined us. I will yield to Mr. Goode.

HYDRILLA

Mr. Goode. Thank you, Mr. Chairman. I have really one question, probably to Mr. Acord. Can you tell me what you are doing researchwise, and also in working with communities in combatting hydrilla in inland lakes.

Mr. Acord. We are not doing very much with that at all. That is research done by ARS and the other kind of outreach and discussion with communities would be done through the cooperative extension service and through State agencies.

Mr. Goode. So your division then is not focusing on hydrilla at all?

Mr. Acord. Not to any great extent. We have, in the past, performed control work on hydrilla, but it is very, very limited, and we haven't seen an expansion of that in a long time.

Mr. Goode. That work that you did do, was it fruitful?

Mr. Acord. In some cases we were successful. In others we were not. It depends on the level of local cooperation and local participation. I don't believe we are going to get into any larger-scale programs at this point.

Mr. Goode. In the last 5, or even 10 years, where have you done hydrilla?

Mr. Acord. We have done some technical assistance work with Virginia, some here in Potomac, or in the Potomac River. There is some work that was been done a number of years ago. Other sites, I cannot tell you specifically as to where we have done it, but we could certainly provide that for the record.

Mr. Goode. Could you just tell me the sites you looked at in Virginia and when you did.

Mr. Acord. The only ones that I am aware of was on the Potomac River.

Mr. Goode. Okay. Thank you, Mr. Chairman.

[The information follows:

APHIS is aware of various hydrilla projects in the past for applied methods and in inland lakes. These projects include the following:?

APHIS Whiteville North Carolina Methods Development Lab led a Hydrilla project in the 1981-93. Efforts included pesticide treatment methods and use of triploid grass carp, mostly centered in Florida and the Imperial Valley irrigation canals of California.

APHIS funded operational programs in irrigation canals in Mexico for the last several years. In 2002, APHIS is funding part of a Hydrilla triploids carp program in the lower

Rio Grande river, in cooperation with the Bureau of Reclamation. This is a matching grant through the Pulling Together Initiative (PTI) sponsored by Federal Interagency Committee for Management of Noxious and Invasive Weeds, and managed by National Fish and Wildlife Foundation.

Several aquatic weed survey efforts have been conducted including a Hydrilla survey through the PTI in recent years. Such a PTI grant funded in 2002 is an aerial survey project with Maryland Department of Natural Resources.

APHIS has funded a small project on biological control of Hydrilla at Wakulla Springs, near Tallahassee, Florida through a cooperative agreement with Florida A & M University. There appears to have been some survey and/or technical support efforts done or coordinated by Whiteville Lab in Virginia in the past, but not specifically by APHIS for control or eradication projects.

In the past, state-funded pass-through money to the Virginia Department of Agriculture may have been provided to local cooperators. A private control company contact indicates several current privately funded Hydrilla control projects in Virginia combine integrated use of pesticides and triploid grass carp.

Mr. Bonilla. Thank you Mr. Goode. We appreciate you all being here today and look forward to working with you as we put our bill together this year. We appreciate your patience with the vote we had that interrupted us for a few minutes, and we appreciate the subcommittee members who are juggling a lot of hearings today.

Mr. Nethercutt mentioned the defense hearing. I happen to be on that one too. I missed the whole thing, but we are going to get our jobs done this year the best we can. At this time the subcommittee will stand adjourned.

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